FINANCIAL TIMES

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***No. 29,650

WORLD NEWS

Hijackers threaten to kill hostages

Two Lebanese gunmen who hijacked a TWA jet to Algeria have threatened to kill their 134 hostages unless Israel releases Shi'ite Moslem guerril- mid-air unless it were allowed to land and refuel.

The Boeing 727, with 148 passengers and eight crew, was hijacked between Athens and Rome. In a dramatic exchange between the crew and Beirut airport control, which was broadcast worldwide, the pilot said the hijackers — members of the underground Islamic Jihad group — were prepared to blow up the aircraft in unless it were allowed to land and refuel.

In Beirut, 17 women and two children were freed and, after refuelling, the aircraft left for Algiers where negotiations were being conducted. The aircraft later took off for an undisclosed location.

Beirut car bomb

A suicide car bomb attack on a building held by the Lebanese army in a Beirut suburb is said to have killed 23 people.

Botswana raid anger

South Africa's lightning raid on suspected guerillas in Botswana's capital, Gaberone, brought a worldwide wave of condemnation and the recall of the U.S. ambassador "to review the sitaution."

In Pretoria, the raid, in which 15 people were estimated to have been killed, was justified as retaliation for bomb attacks on two Coloured MPs in Cape Town. Back Page

Iraq to halt attacks

Iraq announced a 15-day halt to attacks on Iranian towns and cities from today to give Iran's leaders a chance to consider peace.

Tamil peace hope

Sri Lankan President Junius Jayawardene expects India to organise peace talks with Tamil extremists if a ceasefire spreads to the east of the island where more than 10,000 people have been made homeless. Page 2

Solidarity pledge

Lech Walesa, chairman of Poland's outlawed Solidarity movement pledged it would continue its work after three of its leaders were jailed.

U.S. envoy 'was spying'

Soviet authorities are to expel U.S. Moscow embassy second secretary Paul M. Stombaugh after he was detained while allegedly engaged in spying.

Illegal rate vote

Labour-controlled Liverpool City Council set an illegal 9 per cent rate rise which is expected to leave a £177m deficit. Page 3

Easier crossings

France, West Germany and the Benelux countries signed an accord to ease border controls. Franco-Italian agreements, Page 2

Syria resists pressure

Syria refused British demands for the withdrawal of a senior diplomat involved in a legal row over his tenancy of a London flat.

Falklands tribute

A memorial bearing the names of Falklands task force members killed in the South Atlantic campaign was unveiled by the Queen at a service in St Paul's Cathedral.

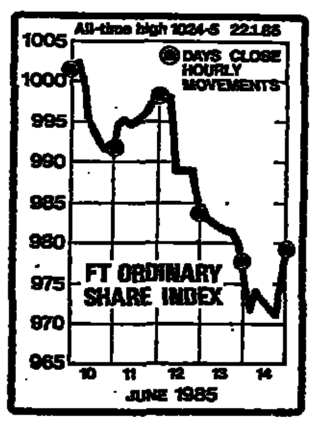
BUSINESS SUMMARY

Argentines rush to beat curbs

ARGENTINA went on a last minute shopping spree, anticipating last night's scheduled announcement of radical economic measures aimed at coping with the country's 1,000 per cent inflation and massive foreign debts.

Banks were ordered to close after heavy withdrawals of deposits as the nation waited for President Raul Alfonsin to disclose details of a new Argentine currency and a freeze on prices and wages. Back Page

SHARES staged a late revival in London, thanks to advance dealings on the new account and firmer indications from Wall Street. At one point the



FT index was down 6.1. It rallied to close 2.1 up on balance at 979.1, but over the account, which ended yesterday, the index fell 23.4. Page 12

THE DOLLAR suffered a marked setback in the morning on rumours—later denied—that President Reagan was seriously ill. Later the fall was compounded by speculation about an imminent cut in the U.S. discount rate. The currency closed in London at $1.281. Page 11

U.S. industrial output fell 0.1 per cent in May, marking a second month's decline. Output fell 0.2 per cent in April. Page 3

HONGKONG AND SHANGHAI Banking Corporation auditors have begun an independent assessment of Ka Wah Bank's liquidity amid rumours that Ka Wah is in trouble. Page 9

WHEELOCK MARDEN, the Hong Kong trading and shipping group now controlled by Hongkong and Kowloon Wharf lost HK$281.4m (£28.7m) last year. Page 9

BRITOIL: The Government is to sell its remaining 48.8 per cent holding in Britoil this summer. Fifteen million of the 243m shares will be earmarked for company staff. Page 8

NORTHERN FOODS is buying loss-making meat pie maker Bowyer from Unigate. The deal is worth about £21m—less than half the price Unigate paid for the company in 1973. Back Page

BRAMMER, bearings distributor, looks set to ward off a £131m bid from Bunzl, the paper group, following a shareholders' vote of confidence. Back Page

BUILDING SOCIETIES attracted more money from investors last month, though less than they need to meet mortgage demand. Net inflow in May was £615m—£108m up on April's figure. Page 3

CHLORIDE, the battery maker hit by big losses in the U.S., returned pre-tax profits of £14.2m for the year to March 1985 and announced U.S. government funding for the development of a revolutionary battery. Page 8; Lex, Back Page

Guinness £327m bid 'inadequate' says Bell's chairman

BY LISA WOOD

GUINNESS, the brewing and retailing group, announced a bid yesterday which was valued last night at £327m for Arthur Bell, the third largest Scotch whisky company in the world, whose Bell's blend is the top selling whisky in Britain. Mr Raymond Miquel, Bell's chairman, speaking from Chicago, described the bid as "certainly inadequate."

Mr Ernest Saunders, chief executive of Guinness, said the bid was "a first step towards the creation of a new worldwide marketing force by uniting two of the world's most potent brand names."

Bell's share price has moved sharply in the past week. From 160p on Monday it had reached 192.0p at the close of trading on Thursday night, a rise of an order that would normally prompt a Stock Exchange investigation.

Yesterday the price rose a further 71p to close at 263p, a level well above the value of the Guinness bid.

Guinness is offering nine of its shares for every 10 of Bell's, with a cash alternative of 225p. The Guinness share price closed last night at 257p, down 16p on the day, valuing Bell at 231.3p

Guinness, under the vigorous management of Mr Saunders, who came from Nestle in 1981, has seen its pre-tax profits grow from £43.3m in 1980 to £70.4m in the year to September 30 1984.

A common thread, the importance of strong brand identities, runs through Mr Saunders' identification of four main businesses for the group. They are brewing; retailing, with the Lewis Meeson chain of newsagents' shops added to Martin the Newsagent chain this week in a £10m purchase from the troubled confectionery group Barker and Dobson; publishing; and health.

Guinness has been looking at Bell for the last two years. It is understood that the sharp share price increase precipitated yesterday's bid.

Arthur Bell, under the chairmanship of Mr Miquel, saw its fortunes rise in the 1970s when it secured 24 per cent of the UK whisky market. Since then its share has dropped to around about 20 per cent, with the company attributing growth in pre-tax profits—£20.71m in the six months to December 31 1984—from new acquisitions, including Gleneagles Hotels from British Rail.

The company proudly proclaims itself on its publicity as "established 1825 and still an independent company."

Among the reasons for Bell's declining share of the depressed whisky market are the growing success of previously relatively little known brands such as the Famous Grouse and the rise of cheaper own-label products.

Bell accounts for some 4 per cent of scotch whisky exports and has found difficulties in successfully penetrating the important U.S. market where it acquired in 1983 Wellington Importers, a U.S. distributor, after previously relying on agents.

It is here that Guinness feels it will be able to exploit fully the brand and three Bell's malt products through its Guinness Import Company, which in the last 18 months has boosted sales of its imported beer portfolio which includes, Guinness, Harp, Kaliber and Fustenberg.

Henry Ansbacher, the merchant bank acting on behalf of Arthur Bell, said: "The board of Bell's considers the offer from Guinness to be wholly lacking in merit, to be demonstrably inadequate in comparison with Bell's earnings record and prospects, and to be an opportunistic attempt by Guinness to take advantage of Bell's assets and resources."

Guinness is advised by Morgan Grenfell.

Full acceptances of the offer would involve issue of approximately 119m new ordinary Guinness shares. Guinness expects to have to issue up to a further 8.2m new ordinary shares to buy out holders of Bell's 9¼ per cent convertible unsecured loan stock 1999-2001.

Proposals would be made "in due course on an equivalent basis to the offer." Guinness said. These 127.2m new Guinness shares would represent approximately 38.2 per cent of the company's enlarged issued ordinary share capital.

Lex, Back Page
Why Guinness thinks it is good for Bell, Page 6

Apple to close two plants and cut 1,200 jobs

BY JASON CRISP

APPLE COMPUTER, the once high-flying Californian personal computer company, yesterday announced plans to close two of its three U.S. factories, a cut of 1,200 jobs in its 5,800 workforce and predicted its first quarterly loss since it was founded in 1976.

The expected third quarter loss is blamed on a consolidation of the company's operations including the factory closures. The cuts announced yesterday follow a big management re-organisation and restructuring of the company earlier this month, which involved Mr Steve Jobs, co-founder and chairman, giving up responsibility for day-to-day operations.

The latest moves mark the end of an era for Apple, which was founded in a garage in California, became a public company in 1980, and is credited with starting the personal computer revolution. The youthful group became the model for budding entrepreneurs around the world.

In the second quarter this year, Apple made a profit of $10m (£7.8m) on sales of $435.3m. In New York yesterday its shares fell $⅜ to $14.50 against a peak in the last 12 months of $31⅛. Some U.S. analysts expect that Apple's third quarter loss will be small.

The changes are aimed at enabling Apple to cope with the sharp downturn in the personal computer business. A number of other computer companies have recently reported problems. International Business Machines and Hewlett Packard have reported falls in profits and Wang has made its first quarterly loss and cut 1,600 jobs.

Mr John Sculley, president and chief executive of Apple, said yesterday: "The slump in the personal computer industry is significant and Apple has taken aggressive steps to bring our organisation in line with these conditions. We've made the tough decisions necessary to create a unified, cost-effective company focused on our key markets . . . and have added seasoned executives to our management team."

Manufacturing is to be concentrated in Fremont, California, where Apple has a highly automated plant which up to now has only made the Macintosh, the company's newest and most powerful computer. Assembly operations in Singapore and Cork, Ireland, will also continue.

Apple is shutting its plant in Carrollton, Texas, where it makes the Apple IIe and IIc variations of its best-selling product line. It plans to sell its Garden Grove, California, facility, which makes components such as keyboards, and close its small peripherals plant at Millstreet, in Ireland.

About 60 per cent of the job losses at Apple will result from the manufacturing changes. Mr Peter Teige, industry analyst at Dataquest, the Californian consultants, said: "We had been expecting the company to make some lay-offs soon: the main surprise has been the size, which was greater than expected."

Dataquest expects the U.S. personal computer market will still grow at by between 30 and 40 per cent this year, which is low compared with past years. The market has been hit by uncertainty resulting from the forthcoming launch of a new personal computer from IBM, known as the PC2, and fears of further price cuts.

THE QUEEN'S BIRTHDAY HONOURS

BT flotation team head knighted

BY JOHN HUNT

MR MARTIN JACOMB, who has played a leading role in the movement for the reform of financial institutions, has been awarded a knighthood in the Queen's Birthday Honours for services to the City.

Mr Jacomb is deputy chairman of the new Securities and Investment Board, the financial watchdog body set up under the Government's investor protection proposals.

He is about to become deputy chairman of Barclays Bank and executive chairman of Barclays de Zoete Wedd, the integrated securities business incorporating Barclays Merchant Bank, stockbrokers de Zoete & Bevan and stockjobbers Wedd Durlacher.

As a vice-chairman of Kleinwort Benson, the merchant bank, he headed the team which handled the successful flotation of British Telecom.

In the Honours List, published today, Sir Walter Marshall, chairman of the Central Electricity Generating Board, becomes a life peer. He kept the power stations running during the year-long miners' strike.

Others from commerce and industry who received knighthoods are Mr John Harvey-Jones, chairman of Imperial Chemical Industries, Mr Robert Reid, chairman of the British Railways Board, Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, Mr Ronald Halstead, chairman of Beecham, Mr Philip Harris, chairman of Harris Queensway, Mr Peter Main, former chairman of Boots Mr Eric Pountain, chairman and chief executive of Tarmac, Mr Bernard Audley, chairman of AGB Research, Mr Leonard Harper Gow, deputy chairman of Christian Salvesen.

Mr Robert Mellish, former Labour MP for Bermondsey in south London, who has been deputy chairman of the London Docklands Development Corporation since 1981, is given a life peerage by Mrs Thatcher.

A former Chief Whip in the Wilson Government he quit the Labour Party in 1982 because of pressure from extreme left wingers in his constituency. In the subsequent by-election Mr Simon Hughes won the seat for the Liberals.

Awards go to a group of people who played a notable part in the rescue and medical services following the IRA bombing at the Tory Party Conference in Brighton last year.

Mr Tony Trafford, former

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Details, Page 5
How to get on the list, Page 7

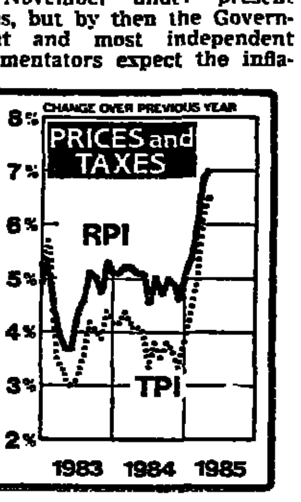
Good news for pensioners in inflation rate rise

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE ANNUAL inflation rate rose to 7 per cent in May, its highest for more than 2½ years, according to yesterday's official figures.

The rise of inflation, which stood at only 4.6 per cent in December, is likely to push up the living standards of pensioners and the unemployed, and will increase the pressure on the Government's finances.

State pensions and other benefits will rise by 7 per cent in November under present rules, but by then the Government and most independent commentators expect the inflation rate will be falling again, though most analysts see a further advance first, perhaps to 7½ per cent in July.



The Treasury still says the inflation rate will have fallen to around 5 per cent by the end of the year, although it has become notably more cautious about this prediction recently.

However, the National Institute of Economic and Social Research, which has proved pessimistic in its recent inflation forecasts, believes inflation will fall to 5½ per cent by the end of the year and to 5 per cent by the end of 1986.

The recent acceleration of prices could therefore give pensioners a rise of 2 per cent in real terms next year. The cost to the Treasury will be about £800m in a full year, on top of the £38bn allowed for social security payments in the latest Public Spending White Paper.

This rise was partly anticipated in the Budget in March which added £2bn to the public spending totals for this year and the following three financial years. However, it was then expected that inflation would rise to only 6 per cent in May.

This spring's increases reflect sterling's weakness last year and the rise in mortgage interest rates. Sterling's more recent strength is expected to suppress inflationary pressures, and a cut in the mortgage rate later this year would also reduce the figure.

Mr Tom King, the Employment Secretary, said yesterday that if mortgage interest rates were excluded from the calculation the inflation rate in May would have been 5.3 per cent. But he said the battle against inflation must continue.

Yesterday's figures showed that the Retail Prices Index rose by 0.5 per cent between April and May to 375.6 (1974=100). This compares with a rise of 2.1 per cent in the month to April, when the 12-month increase was 6.9 per cent.

The Tax and Price Index for May, which measures the gross pay needed to keep pace with changes in prices and taxes, stood at 191.2 (1978=100), 6.5 per cent higher than 12 months earlier.

Inflationary dragon rears its head, Page 4
Editorial Comment, Page 6

GEC and Plessey should merge, says minister

BY IVOR OWEN

General Electric Company and Plessey, two of Britain's leading electronics companies, should consider merging so they can compete more effectively in world markets with major U.S. and other European manufacturers of telecommunications equipment, Lord Lucas of Chilworth, Under Secretary for Trade, told a startled House of Lords yesterday.

In a series of statements which Lord Bruce of Donington, Labour spokesman on industry described as "extraordinary," the Minister maintained that good as GEC and Plessey's products were—and they were "very good"—"they could not survive in the UK market alone which is round about £500m."

Lord Weinstock, chief executive of GEC—who was not at the Lords debate—would not comment until he had read Hansard's report of the debate. Plessey also refused to comment yesterday.

Lord Lucas contended: "It is necessary to do at least £1bn turnover to stay in this game.

Continued on Back Page

WEEKEND FT

RITUAL ON THE VILLAGE GREEN

How small-time cricketers get to play at Lord's

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FINANCE AND THE FAMILY

Inflation is on the rise again, but National Savings hits back with a new Granny Bond.

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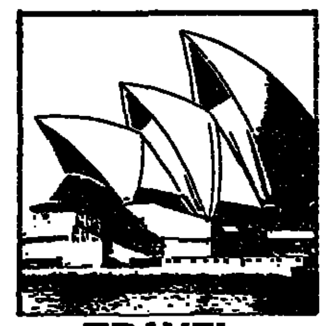

TRAVEL

Australia offers two faces to tourists—the sophistication of big cities or the rugged outback life.

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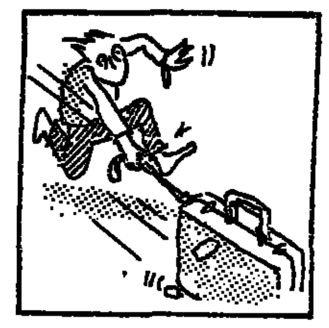

DIVERSIONS

Battered Vuittons or Gladstones add a touch of class to baggage—but soft sided luggage may be more practical for the jet age.

Page XIII

CAN EUROPE CATCH UP?

IS EUROPE falling further and further behind the rest of the industrialised world? On Monday, the FT launches a major series about the issues which underlie the recent gloom about Europe's industrial performance—and its future.

MARKETS

DOLLAR

New York lunchtime:
DM 3.0615
FFr 9.3425
SwFr 2.5725
Y248.85

London:
DM 3.0565 (3.0995)
FFr 9.31 (9.4425)
SwFr 2.5775 (2.6095)
Y248.7 (249.8)

Trade Weighted 145 (146.1)
Tokyo close Y249.5

U.S. LUNCHTIME RATES

Fed Funds 7¹⁄₁₆%
3-month Treasury Bills: 6.64%
Long Bond: 108⅞
yield: 10.35

GOLD

New York: Comex June latest $318.5
London: $317.75 ($314)

STERLING

New York lunchtime $1.28
London: $1.281 (1.2645)
DM 3.9125 (3.9175)
FFr 11.925 (11.935)
SwFr 3.29 (3.3)
Y318.5 (316)
Sterling Index 79.8 (79.5)

LONDON MONEY

3-month interbank: mid rate 12¹⁄₁₆% (12¼)
3-month eligible bills: buying rate 11⅞% (11⅞)

STOCK INDICES

FT Ind Ord 979.1 (+2.1)
FT-A All Share 616.44 (−0.5%)
FT-SE 100 1275.5 (−3.4)
FT-A long gilt yield index: High coupon 10.63 (10.67)
New York lunchtime: DJ Ind Av 1297.38 (+7.28)
Tokyo: Nikkei Dow 12685.25 (−31.91)

Chief price changes yesterday, Back Page

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8066.

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p. Malta 30c.

India 'may organise' Sri Lanka peace talks

BY JOHN ELLIOTT IN NEW DELHI

SRI LANKA expects India to organise peace talks with all major Tamil extremist leaders soon, if an unofficial ceasefire in the north of the island spreads to the eastern province, where more than 10,000 people are homeless after violent unrest during the past few weeks.

"I am going ahead for a settlement if the terrorists stop their activities and stop calling for their Eelam separate state," Mr Junius Jayewardene, the Sri Lankan President, told the Financial Times in Colombo yesterday.

"If the violence stops for some time then India will arrange for us to meet some of the terrorists."

The move comes after a summit in New Delhi two weeks ago between Mr Jayawardene and Mr Rajiv Gandhi, Indian Prime Minister. Mr Harry Jayawardene, a brother of the president, and a lawyer, is flying to New Delhi today for talks. These will cover constitutional issues involving the Sri Lankan surveillance of the straits Government framing an offer to give some devolved power to the Tamils in the north and east.

Mr Gandhi, who has been briefed on developments during his foreign tour, will decide his response when he returns to India next week.

The Tamil extremist leaders are based in the southern Indian city of Madras where the Sri Lankan Tamils command much support. Because of this Sri Lanka accepts that it must rely on India's help if it is to reach a settlement.

The northern province of Jaffne has been quiet for weeks and the government this week accepted the situation as a ceasefire. A train service from the south, which was stopped in January was reintroduced yesterday, roads are to be repaired, and limited fishing is to be allowed along the province's beaches which the extremists have used to cross to India.

Sri Lanka believes that India will increase its coastguard

President Jayewardene: peace hopes

between the two countries to stop the extremists.

The immediate progress of the peace moves will partly depend on whether the main Madras-based militant group, The Tamil Tigers, agrees to halt its violent activities to allow a ceasefire of two months or longer. The group has recently been hitting the eastern province around the cities of Batticaola and the deep water naval port of Trincomalee. "Trincomalee is now the war zone," Mr Jayawardene said yesterday.

The ceasefire will also depend on whether the government and senior army officers can restict the activities of troops who have been attacking Tamil villages

More than 10,000 Tamils and villagers of the island's majority Sinhalese community are sheltering in refugee camps around Trincomalee after a series of battles left almost 100 people killed and many villages destroyed, by marauding security forces wreaking vengeance for the extremists' activities, by the extremists themselves, or by rioting groups from the main Sinhalese and Tamil communities and a smaller community of Muslims.

Foreign diplomats in Colombo and New Delhi are sceptical about the success of the latest initiative.

In the past extremists on both sides have prevented the government adhering to its peace plans.

But a massacre by the Tamil extremists at the ancient Buddhist city of Anuradhapura last month, in which nearly 100 people were killed, plus growing public disillusionment with the economic and communal impact of the violence, has helped to create a mood for a settlement.

Sceptics suggests, however, that the immediate urgency behind the Sri Lankan Government's peace moves has been partially aimed at impressing Western countries which meet with the World Bank next week to decide on the island's annual international aid of some \$500m (£396m) to \$550m.

Rocard to stand for French Presidency

By David Housego in Paris

M MICHEL ROCARD, the most popular of the French Socialist leader, looks certain to divide his party by his anouncement yesterday that he would be a candidate for the Presidency in 1988.

M Rocard, who was speaking on television, gave no clue to his tactics. But when he resigned from the government two months ago in protest at President Mitterrand's decision to introduce proportional representation, it was clear that he was regaining his liberty to stake out an independent political career.

M Rocard's problem is that though his standing is high in the opinion polls, he is unpopular with many of his Socalist colleagues. He announced shortly after resigning that his goal was to transform the Socialist Party into a modern social democrat movement. But it has become increasingly clear that his crusade is running into a brick wall.

M Rocard was thus faced with the choice of either bowing out or carrying his ambitions a step further. He has now openly chosen the latter course—joining M Raymond Barre, the former prime minister, who is the only other person to have declared he will stand in 1988.

● French unemployment rose marginally in May, while the inflation rate also remained above expectations.

According to figures released yesterday unemployment on a seasonally adjusted basis rose by 0.5 per cent to 2.412m, thus reversing a straight decline over the last three months.

On uncorrected figures, the number of jobless in May continued to fall by 2.7 per cent to 2.282m.

Consumer prices rose by 0.5 per cent in May bringing the cumulative increase in the first five months to 3 per cent. On a year on year basis the consumer price index had risen by 6.5 per cent at the end of the month.

Though the unemployment figures are disappointing for the Government, the price figures are the more worrying as reflecting a continuing trend this year for France's inflation rate to be above that of its competitors. In West Germany, prices rose by 0.1 per cent in May.

Brussels to introduce new restrictions on cereal farmers

BY IVO DAWNAY IN BRUSSELS

THE European Commission is to press ahead with new restrictions on cereal farmers that will bring about the price cuts vetoed by the West German Government earlier this week, a senior official said yesterday.

The market management measures involved, though not described as price reductions, will have exactly the same effect and may be more stringent than the final compromise proposal rejected by Bonn.

Speaking at a World Grain magazine conference in Brussels, Mr Carlo Trojan, chief adviser to Mr Frans Andriessen, the Farm Commissioner, said approved by the Commission as that the measures could be early as next week.

Moreover, he added that the growing cereals crisis meant that wide ranging reforms of the grains regime may have to be brought forward to the autumn with the emphasis on a policy of price reductions "at the expense of income support."

"It is not a price fixing as such but its effect will be exactly the same," he said.

The aggressive Commission stance follows a number of condemnations of the German veto in Brussels, national capitals and the European Parliament in Strasbourg. Immediately after the failure of the farm ministers to resolve the grains question on Wednesday, Mr Andriessen made clear that the Commission "has never, and will never" acknowledge the right of member states to veto a move approved by the majority of their colleagues.

Furthermore, the Commission is confident that its role as manager of the agricultural markets gives it all the legal authority necessary to take action that would, in effect, cut prices.

Any attempt to reverse new restrictive measures on cereals taken by the Commission would require the backing of a majority of member states in the farm council. But Germany has little chance of winning a majority to oppose the move.

Bonn's last resort could be to take the Commission to the European Court, though this would take several months during which the restrictions would remain in force.

Brussels has an amoury of mechanisms for controlling the cereals regime. These include the right to restrict advance payments to farmers and the imposition of more rigorous quality criteria required on grains sold into Community stores.

Mr Trojan emphasised yesterday that the Commission was obliged to take these steps due to the worsening world market situation and growing pressures from trading partners. The Commission aimed to complete plans for an entirely new strategy for the cereals market, to be approved by the farm council this autumn.

Egyptian militants back down on protest

By Tony Walker in Cairo

THE EGYPTIAN Government yesterday won a victory of sorts over Muslim fundamentalists demanding the immediate implementation of Islamic Sharia law when a planned march was postponed in compliance with an official ban.

The gathering of about 7,000 of the faithful at Cairo's al-Nour Mosque, a half-finished structure several kilometres from the city centre was a show of strength by Egypt's Muslim mil itants and a sign that the fundamentalist trend is growing.

Young, bearded militants spoke approvingly of Iran's religious leader, Ayatollah Khomeini and chanted slogans such as "no to Zionism ... No to Judaism," under the gaze of helmeted riot police armed with batons, shields and tear gas.

It was a test of will between President Hosni Mubarak's moderate regime and Muslim militants agitating for the establishment of a purely Islamic state based on strict codes of conduct according to Koranic teachings. Fundamentalists want to overturn Egypt's broadly secular administration and replace it with an Islamic model.

Islamic agitation is a major challenge for Mr Mubarak and for Egypt's process of democratisation. Previous Egyptian Governments such as that of late President Anwar Sadat reacted by cracking down on fundamentalist ringleaders, banning their representative organisations such as the Muslim Brotherhood.

Sheikh Hafez Salama, the militant Muslim cleric, told his followers yesterday that "he had not cancelled the march but only postponed it. There will be no excuse when the court rules in our favour. Then the march will be from one end to the other of the country," he said.

Egypt's Interior Ministry had banned a planned march on Oruba Palace, President Mubarak's administrative headquarters, but Sheikh Salama appealed against the ban to the administrative court. The court says it will issue a judgment today.

Polish court jails Solidarity activists

BY CHRISTOPHER BOBINSKI IN GDANSK

A POLISH court in Gdansk yesterday sentenced three prominent Solidarity activists to prison terms ranging from two and a half to three and half years.

The judge found the three men guilty of provoking unrest and playing a leading role in the union's underground leadership and sentenced Mr Wladyslaw Frasyniuk to three and a half years in prison, Mr Bogdan Lis to two and a half years and Mr Adam Michnik to three years in jail.

The three, who were released from prison under an amnesty last year, were calm during the sentencing. They smiled at their relatives in court and shook hands with each other in a show of unity.

Outside the court a few dozen well-wishers kept out of the way of the police who patrolled the sunlit street, but later people clustered in groups to whisper their indignation at the verdict.

A Solidarity supporter who himself spent a year in prison said the sentence aimed at "intimidating the movement's most determined activists."

In a statement issued after he heard the verdict, Mr Lech Walesa, leader of the banned union, called the trial a "primitive farce" and "provocation aimed at destroying any hope of building a dialogue" between rulers and ruled.

He appealed for protests in defence of the three and against the creation of a "climate of hatred."

The judge, Mr Krzysztof Zieniuk, who during the trial repeatedly clashed with the defence lawyers and the accused, preventing the latter from conducting a political defence, stressed in his summing up that the trial had been conducted in a fair way.

...This view has been questioned by the defence counsel, who intend to appeal against the verdict on the grounds that the three are innocent and that the trial abounded in procedural errors.

In his summing up, the judge admonished the defence attorneys, who could face disciplinary proceedings for their spirited defence in the case.

South African banks to raise capital reserves

By Jim Jones in Johannesburg

SOUTH AFRICA'S banks must raise their minimum capital reserves to R1m (£400,000) from the present R0.2m following a government move to increase protection for depositors. Introducing the new regulations to parliament in Cape Town yesterday, Mr Barend Du Plessis, Finance Minister, said that the Government's duty was to protect the banks' liquidity and solvency for the benefit of depositors and that the new regulations would enhance South African banks' foreign creditworthiness

Meanwhile, South Africa's main commercial banks yesterday announced a reduction in prime overdraft lending rates to 22 per cent from 23 per cent

Former HK banker charged with fraud

A FORMER executive of Wardleys, the merchant banking arm of the Hongkong and Shanghai Banking Corporation, was yesterday charged in Hong Kong's western magistrates' court with conspiracy to defraud shareholders and creditors in Carrian Investments, the property and shipping group that collapsed in 1983 with debts estimated at about HK\$10bn (£1.02bn), reports David Dodwell from Hong Kong.

Mr Mark Saunders-Davies, who is now working for Arabian Gulf Investments (Far East) is the eighth person to be charged in connection with Carrian's collapse.

Gandhi's visit to U.S. produces few surprises

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

U.S. RELATIONS with India have been put on a firmer and friendlier footing, although there have been no major breakthroughs, as a result of this week's visit to Washington by Mr Rajiv Gandhi, the Indian Prime Minister, according to officials of both countries.

Mr Gandhi told reporters that, despite continuing differences on world issues, his visit had laid a "good foundation" for an improved relationship. "I have felt a tremendous response, and understanding—to some extent—of what India is trying to do," he said.

The U.S. Administration is content that its main objective appears to have been achieved—the establishment of a personal rapport between Mr Gandhi and President Ronald Reagan. U.S. officials insist that the two leaders "hit it off" tremendously well during their private talks at the White House on Wednesday.

Washington is also pleased with Mr Gandhi's call, in a speech to Congress on Thursday, for an international political settlement leading to a "non-aligned" Afghanistan.

Mr Gandhi, however, gave no indication of any weakening of India's links with Moscow, which the U.S. regards as far too close.

He went out of his way to scotch suggestions that a new U.S.-Indian arms deal might be in the works and said that he was "not convinced" by Mr Reagan's assurances that U.S. arms sales to Pakistan were intended only to bolster Pakistan's security on its western frontier with Afghanistan.

Baghdad offers truce terms

BY OUR MIDDLE EAST STAFF

PRESIDENT Saddam Hussein of Iraq announced yesterday that he would halt attacks on Iranian cities for two weeks if Tehran agreed to negotiate a settlement of the Gulf War.

The offer followed an intensified series of Iraqi missile and air attacks on seven towns during which Iran said 38 people had been killed and 183 injured. A communiqué issued from Baghdad claimed that 12 towns had been raided.

President Hussein said in a "message to the Iranian people" that the two-week ceasefire was "to give your rulers the chance to consider peace and to give you the chance to pressurising them into accepting peace."

In Paris, leaders of the Iranian opposition Mujahadin movement said the Iraqi announcement came in response to its appeal for a cessation of the bombing.

However, the ceasefire offer was conditional on Iran not attempting to launch any more attacks.

France and Italy to relax border controls

By Alan Friedman in Milan

PRESIDENT Francois Mitterrand of France and Sig Bettino Craxi, Italy's Prime Minister, yesterday announced four bilateral agreements including a relaxation of border controls between the two countries.

At the end of two days of talks in Florence which Sig Craxi described as "extremely conclusive," the two leaders agreed on the liberalisation by October of frontier crossing procedures between France and Italy. This is to be achieved by adopting measures which guarantee freer passage and at the same time increase checks on those attempting to enter France through Italy for illegal purposes.

It was also agreed that Italy and France are to sign, by the end of July, a protocol for closer co-operation designed to avoid a wine war between the two countries, based on the creation of a special commission on wine.

pate in high technology scieng

In addition, Italy is to particpate in high technology scientific research projects being carried out at laboratories in Grenoble and Ispra.

Finally, the two countries are to launch, within one month, a new commission designed to promote audio-visual co-operation

Sig Craxi characterised relations between Italy and France as "excellent" following intensive talks between government heads and their key cabinet ministers which focused heavily on planning for the Milan summit at the end of this month.

Italian groups in \$400m deal with Nigeria

NIGERIA and several Italian group, have signed a \$400m (£317m) counter-trade agreement in Lagos.

The agreement calls for Nigeria to provide Italy with 40,000 barrels a day of crude oil, while Fiat is expected to ship vehicle parts and the ENI state energy group is to provide chemical products to Nigeria.

The barter deal is likely to involve orders for ENI totalling around \$200m, while Fiat's supplier contracts should total around \$100m. Further details of the accord are still to be worked out.

The agreement with the Italian companies follows similar deals worth more than \$2bn with Brazilian, French and Austrian groups.

The practice of trading oil for industrial goods is generally frowned upon by Opec,

Delors urges EEC and U.S. to link on technology

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Community must hold talks with the U.S. on research co-operation, to prevent a brain drain over Washington's planned spending on its Strategic Defence Initiative (SDI), M Jacques Delors, President of the European Commission, said yesterday.

At the same time, the EEC member states must be prepared to invest more resources in their own research programmes on advanced technology, to match the U.S. commitment, he said.

At a Press conference in Brussels, M Delors called for Community-level talks with the U.S. "to discuss the modalities of research co-operation, at least on the civilian front.

"What we need is negotiations with the U.S., otherwise those responsible for SDI will go to the European supermarket, look at the things in the window which interest them, and carry them back home."

On the French-inspired idea for a co-ordinated European research programme into high technology, called Eureka, M Delors said EEC leaders must decide on credible projects, adequate finance, and a proper framework.

M Delors was speaking after a meeting with top European industrialists, in the Round Table group led by Mr Per Gyllenhammer, the chairman of Volvo, who said he believed European companies should get involved in both SDI and Eureka.

Blow for Kohl as key aid quits over tax probe

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl suffered a fresh and unexpected bodyblow yesterday when his spokesman, Herr Peter Boenisch resigned on the grounds that he is under investigation for possible income tax evasion.

The inquiries are being conducted in Herr Boenisch's home city of Berlin. A spokesman for the public prosecutor's office there emphasised last night that the alleged offences took place in the period up to January 1982, well over a year before the former journalist took over as chief government spokesman in Bonn.

During a long career in the conservative Axel Springer publishing group Herr Boenisch, edited successively the mass circulation Bild Zeitung, its Sunday stablemate Bild am Sontag and finally, Die Welt.

If the departure of Herr Boenisch came as a surprise Her Kohl's choice of successor is an even greater one.

He is Herr Friedhelm Ost, a 42 year old financial journalist, who this summer was due to launch a new economics programme on ZDF, the second West German television network.

An escapist **Rupert Cornwell** ships aboard a picturesque canal cargo boat, but finds the bargeman's future less than idyllic

Boatmen of fortune face a rough ride on W. German waterways

JUST AFTER 2 pm on a warm Thursday in June the West German tanker barge Elisabeth slips out of Bremen harbour into the river Weser heading north. Her home port is Eberbach on the Neckar just beyond Heidelberg, some 400 miles to the south: but this time her immediate destination is Oldenburg, an easy 30-mile run distant, along the Kusten-kanal which links the Weser with the river Ems to the west.

A mile or so out, and Herr Gerd Schepers, the schiffsfuhrer, or master, of the Elisabeth is radio-telephoning details of the trip to the river authorities: "Elisabeth bound for Oldenburg. Cargo 700 tonnes of fuel oil, drawing 2 metres."

The trip is under way. The sun is shining out of a hazy early summer sky and the radio chatters half-heard. The Elisabeth is making a steady four or five knots, her course close to the right bank of the Weser held by an electronic radio pilot which helps to keep fuel consumption down to a minimum.

There must be hundreds of scenes like it every day. Each constitutes a tiny part of what, for the outsider, is among the most timeless of German idylls: the unending traffic of small cargo boats plying the tapestry of rivers and canals which crisscross central Europe from the great North Sea ports of Belgium, the Netherlands and Germany southward via the Rhine, Mosel, Main and Danube rivers to France, Switzerland and Austria, and eastward to Berlin and beyond.

Few images are more escapist than the barges on such days: the family washing fluttering astern in the sun, and the family car perched aloft, ready for the odd foray on to terra firma when the spirit moves. For these boatmen of fortune, the cares of everyday life on noisy, overcrowded dry land might seem remote, and their river way of life assured. The truth, however, is very different.

Today, and despite the fierce competition of containers, railways and lorires (which benefit from Europe's largest motorway network), inland shipping still accounts for more than 20 per cent of total freight traffic in West Germany. It is not hard to see why.

They may be slow, and their destinations strictly limited by nature, but barges are incomparably cheap. According to Herr Hans-Wilhelm Dünner, secretary general of the National Federation of Self-employed (BDS) in Bonn, transport of goods by water costs between 1.5 and 5 pfennigs per tonne/kilometre against 8 to 10 pfennigs by rail, and 12 to 15 pfennigs by road.

Transport by water is also clean. In a country which sometimes seems to be in the grip of environmentalist hysteria, barges cannot be accused of killing trees. Bilge pumping of oil into inland waters, moreover, is now punished by heavy fines; if German rivers like the Rhine are polluted, then the ships on them are but one of the smaller reasons.

These advantages, however, have not proved enough to prevent a creeping revolution in the structure of the industry, in which the small independent owner-operator has become an endangered species.

His life of course was never as easy as it looked. Business was always unpredictable: working days last 16 hours, living quarters on board are cramped, while winter brings fog, cold, and ice. The boatman often was—and is—faced with the choice of long separations from a family enjoying the amenities of land like a house and schooling for his children, or having them with him and working still longer.

Since the mid-1960s however, the trickle from the waterways has become a flood. Two decades ago there were still 4,000 Partikulieren, as the small concerns are known, each with usually one or two boats; today barely 1,500 are left.

There would probably be fewer still but for the strength of family ties with the business. Herr Schepers' grandfather and great-grandfather

worked the rivers before him. Despite 200 days of separation per year from his wife of 8 years and his two children (with a third on the way), and the death of his elder brother in a river shipping accident, Herr Schepers has no intention of leaving. Thousands of others have, however.

One reason has been overcapacity, made worse by the slump in the coal, steel and oil industries—three of the commodities most transported by water. In 1968, the Bonn Government launched a scheme of incentives for the scrapping of surplus capacity, of which many Partikulieren took advantage; but the process ironically only made the plight of those who stayed worse.

While the small-fry dropped out, the 30 or so larger shipping companies which already existed used the opportunity to gain a virtual stranglehold on the sector.

Today, the big concerns hold 60 per cent of the market, especially entrenched on the largest waterways like the Rhine. The partikulierien have retaliated by forming themselves into co-operatives, embracing up to 300 ships, but with limited success. The complaint is frequent that many smaller owner-operators are now just "reserve capacity" for the large groups.

The effects have spread beyond the shippers themselves. Empty wharves and derelict yards along the Weser are testament to the difficulties of the shipbuilding industry Herr Klaus Eulrich runs Schiffswert Blumenthal, a small yard specialising in work on inland barges and freighters. It has survived but, as he admits, "the small ones can't afford to invest in new vessels any more.

A vessel's life can be long indeed. The Elisabeth, an extreme example, was first registered in 1879, as a barge towed by a tug. Then it acquired its own power, before being refitted as a tanker barge in 1963, at a cost then of DM 250,000 (£64,200). Today a replacement for the 67-metre vessel would cost up to DM 2m (£512,820)

The small shippers face other problems too, which they are demanding — to little avail so far — that the Government tackle. One is the distribution of artificial pricing brought in under the Third Reich to boost earnings of the German railways then, but retained after the war to protect the lossmaking Bundesbahn to this day.

A second, and perhaps more serious difficulty is the waterfreight challenge from the Netherlands, the biggest foreign threat to the livelihood of West German water freight operators. Dutch operators enjoy advantages, according to the BDS, which range from competitive pricing (it can be cheaper, to give one instance, to ship from Rotterdam to Brunswick than from the Weser, even though the former is twice as distant), to low-cost schooling and fuel.

The BDS will be taking all these complaints to a special public hearing of the Bundestag transport committee on June 19. Its goal will be to improve the lot of the partikulieren, above all on the so-called "canal region" linking the Ems, the Weser and the Elbe which today represents the heart of their shrinking business.

Success is far from sure. Without support from Bonn, warns Herr Marcus Krauss, the inland shipping specialist of the BDS, "things can only get worse." But thus far it has been a story of little more than well meaning complacency.

Perhaps the small independent, for all his contribution to the colour of life on West Germany's canals and rivers, is doomed by inexorable economic forces, and the Government will again politely do little to help. But the tradition of generations does not die easily.

"Some people of my age, in my place, are not interested," says one 21-year-old, groomed to inherit the family barge. "But when you grow up with it, on the canal, and see your father always on the boat, you are programmed to it. It's natural."

OVERSEAS NEWS

Japanese growth down sharply as U.S. demand drops

BY JUREK MARTIN IN TOKYO

THE JAPANESE economy grew at a meagre annual rate of 0.4 pe rcent in the first quarter of this year—a sharp contraction from the previous three months when it expanded by nearly 10 per cent per annum.

The figures show the extent to which Japanese economic performance, in the absence of much positive internal push or pull, depends on U.S. demand. The U.S. economy endured a poor first quarter, which was quickly felt by Japanese exporters.

According to the Economic Planning Agency, exports in real terms in the first three months declined by 1.7 per cent from the previous quarter, when they registered a sharp 5.8 per cent increase.

In spite of sluggish domestic demand, imports managed an advance of 0.1 per cent from October-December. However, in that quarter they had dropped by 4.0 per cent.

Both the Government and industry hope the poor first quarter (which also saw industrial output fall by 0.7 per cent) can be reversed. The ending in March of four year old limits on Japanese car exports to the U.S. has already resulted in a surge in shipments.

Yesterday Toyota and Nissan, Japan's big two, announced that sales to the U.S. in May had risen by 13.9 per cent and 11.4 per cent respectively over the same month last year.

The decline in industrial output in the first quarter may have been in anticipation of slower U.S. demand. But the latest rise in inventories could mean that if the U.S. economy does not pick up measurably, then neither will Japanese output.

Sales to China, Japan's biggest trade partner after the U.S., continue to advance spectacularly and are now running at a $1bn (£783m) a month pace, double that of last year. But there have been uncertainties of late about China's capacity to absorb all it is offered. In any case, even the Chinese market is dwarfed by the combination of the U.S. and the EEC, which take nearly 60 per cent of Japan's exports and are bedevilled by economic uncertainty and rife with protectionist threats against Japan.

The pervasive stagnation of the domestic economy must also concern the Government, given its commitment to boost the sale of foreign goods in Japan.

No wholly satisfactory explanation exists, although factors include the low rate of increase in real wages and a fall in overtime. The domestic car market, for example, has been conspicuously slack.

● Mr Yasuhiro Nakasone, the Prime Minister, yesterday said the Japanese Government must prepare to make tariff cuts on manufactured and agricultural goods without waiting for reciprocal actions by other countries. He told a cabinet meeting that the Government should adapt stage-by-stage export restrictions to stem the outflow of Japanese manufactured goods in order to ease frictions with trade partners.

Government officials said that accelerated and unilateral tariff cuts may be a centrepiece of a Japanese import promotion package due to be decided on June 25.

As well as promised reductions of agricultural products aimed at appeasing Asian countries, they hinted that there was a desire to abolish duties on machinery parts and other telecommunications and high technology items.

ECONOMIC NEWS IN BRIEF

U.S. production declines

THE U.S. economy slowed again in May with industrial production declining 0.1 per cent after dropping 0.2 per Reserve Board said yesterday, Nancy Dunne reports from Washington.

The Commerce Department reported 0.4 per cent growth in manufacturers' and trade inventories, another sign of listless performance, despite a 2.4 per cent increase in retail sales last month. Sales only 4.2 per cent in a year.

The Labour Department yesterday released the only bright spot in recent economic news: a rise in the wholesale price index of only 0.2 per cent. Energy prices rose 3.4 per cent in May after jumping 5.8 per cent in April, but low food costs mitigated the effects of the increase.

May industrial production slowdown is just another bit of evidence of na economy losing its steam under a flood of imports. Since January manufacturing has lost 160,000 jobs, and there are no indications that the fall of the dollar has turned the tide.

Sit-in at Bhopal

About 400 people stormed into the Union Carbide pesticides plant in Bhopal yesterday to start a sit-in protest over the loss of their jobs, Reuter reports from Bhopal. The workers, unemployed since April when the factory was formally closed after a poison gas leaked and killed more than 2,500 last December, demanded alternative jobs and compensation for lost working weeks.

Liquor trade ban

Alko, Finland's state liquor monopoly, has terminated trade ties with South Africa, writes Olli Virtanen in Helsinki. Alko says it would stop imports of two brands of South African red wine, Kap Brandy and Pinotage. Total wine imports from South Africa stood at 37,000 litres last year.

The decision follows a recommendation by Finland's parliamentary foreign policy council to stop investment to South Africa.

Israeli reserves fall

Inflation in Israel rose by 6.8 per cent in May, while the country's foreign currency reserves continued to fall as the Government anxiously awaits the arrival of increased aid from the U.S., reports Lynn Richardson in Tel Aviv. The cost-of-living index, published by the Central Bureau of Statistics yesterday was lower than the 10 per cent anticipated.

Swedish exports dip

Sweden's three-week civil servants strike caused a 1 per cent decline in May exports to SKr20.5bn (£1.8bn) compared with the same month in 1984, according to Statistics Sweden (SCB), David Brown writes from Stockholm. Imports climbed by 4 per cent in value to SKr 19.4bn during the month.

For the January to May period export values grew 2 per cent but imports climbed by 16 per cent yielding a positive trade balance of SKr 1.8bn

Soviet oil output falls

The Soviet oil industry has yet to pull out of its current trough. Official figures show May output was 2m tonnes down on May last year, our Moscow Correspondent writes. Production rose marginally to 50.7m tonnes last month compared with 49m tonnes in April, but this was still 4 per cent below plan.

Soviet industrial production rose 3.2 per cent in the first five months of this year, compared with 4.7 per cent over the same period in 1984.

Norway oil dispute

Norway's offshore oil and gas industry is facing a costly and possibly prolonged labour dispute after the independent rig workers' union, ROF, yesterday decided to escalate a limited pay strike. Both exploration drilling and production will be hit, Fay Gjester writes from Oslo.

UK NEWS

Building society deposits increase to £615m in May

BY MARGARET HUGHES

BUILDING SOCIETY inflows from investors rose last month to £615m but the improvement still falls short of the level needed to meet mortgage demand.

This will force societies to dip into their cash reserves again and removes the prospect ofany immediate cut in the mortgage rate, particularly since savings tend to be depressed in the summer months because of holiday spending.

Figures released yesterday by the Building Societies Association (BSA) show a net inflow of £615m, higher than earlier estimates and £108m up on the April inflow. A year ago net receipts totalled £482m.

Societies made greater use last month of the wholesale market, including negotiable bonds, raising £186m, the largest amount since September last year.

Societies are expected to make further use of such wholesale funds. Legislation expected in early 1987 will allow them to raise 20 per cent of their assets from such sources. This week three major societies—the Abbey National, Alliance and Nationwide, have announced forays into new sources of wholesale funding, all tapping the capital markets for the first time.

Mortgage demand remains strong. Last month societies advanced £2.28bn to home buyers—the highest level since August of last year—while underlying demand is even stronger. New commitments—loans promised but not yet advanced—were at their highest level since June 1984 at £2.4bn.

The gap between this strong mortgage demand and the relatively low inflow is reflected in the run down in societies liquidity. The liquidity ratio for the industry as a whole fell to 16.9 per cent in May, the first time that it has dropped below the 17 per cent mark for nearly 11 years. The BSA points out, however, that the decline in the liquidity ratio over the past year also reflects the Inland Revenue's decision in February of last year to start taxing capital gains on building societies' gilt investments making such liquid holdings less attractive.

Floating rate issue by Abbey National

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE ABBEY NATIONAL yesterday launched a £50m floating rate certificate of deposit issue, the first time a building society has tapped this sector of the money markets.

The issue, underwritten by National Westminster's County Bank subsidiary, will provide Abbey National with floating rate funds at a cost of $\frac{1}{16}$ of a point above the bid rate for three-month sterling money market deposits, which is currently well below the cost of retail funds.

It bears a life of 364 days which brings it just within the one-year limit for borrowings on which building societies are allowed to pay interest gross on securities issues.

Bankers say the Abbey move underlines the way in which building societies are diversifying their sources of funds. When the one-year limit is removed from April 16 next year they are also expected to tap the longer term floating rate note market.

Dairy profits rise despite EEC quotas

By Richard Mooney

EEC MILK production quotas have not had the dire effect on British dairy farmers' profits that were feared when they were imposed in April 1984.

A Milk Marketing Board report indicates that in spite of a small cut in dairy herd sizes there was a considerable rise in gross profits in 1984-85, the first full year of quotas.

Latest results from the board's Milkminder costings service, which covers 1,931 herds, show that average herd size dropped from 108 to 105 between 1983-84 and 1984-85 and purchases of concentrate feed were reduced by nearly 25 per cent. But thanks to much improved grassland utilisation the average yield per cow fell only 2.5 per cent to 5,317 litres.

As a result there was a 7 per cent rise in the average herd's margin over purchased feed—the accepted barometer of dairy farm profitability.

This improvement was influenced by 1984's favourable spring weather, which led to good stocks of high quality silage being made, and by a sharp cut in concentrate feed prices, resulting from reduced demand in Europe (because of the quota scheme) and bumper supplies of grain

The board also points out that 1983-84 was the worst year for dairy farm profitability for more than 10 years:

Illegal rate vote by Liverpool council

FINANCIAL TIMES REPORTER

LIVERPPOL'S left-wing Labour-controlled City Council, yesterday approved by 49 votes to 42 an illegal rate rise of 9 per cent for the current year.

The increase is expected to leave the city with a £117m deficit. It had been estimated that a rate of up to 40 per cent would have been required to avoid a deficit.

The decision was taken at an emergency two-hour budget meeting in the face of a warning from Mr Bill Murray, the city solicitor, that the councillors involved would face disqualification from office, personal bankruptcy and imprisonment.

It is almost certain to lead to legal action because it represents a shortfall with penalties of £90m. It again places the city in direct confrontation with the Government.

This was stressed by Councillor Derek Hatton, deputy leader of the Labour group, who promised there would be no cuts in services or job losses. He said they faced the next battle with the Government and added: "We have got the backing of the people, and we will win.

"We are led to believe that there is a danger of disqualification and bankruptcy and none of us relishes that, but this Tory Government's policy of destroying the jobs and services of the people of Liverpool has left us no choice."

Councillor John Hamilton, the Labour group leader, said: "I have no doubt that this Conservative Government will penalise anybody—it is a vindictive government. Now that we have made this decision we have to face the possibility of going to prison."

Sir Trevor Jones, leader of the Liberal opposition, said the decision would lead to chaos, confusion and the loss of "thousands of jobs."

The new rate falls short by £29m of the £265m Labour proposes to spend and will incur another £88m in government penalties.

MR NEIL KINNOCK, the Labour leader, has written to the left-wing Labour group which controls Lambeth Council warning them of the consequences if they go ahead with their defiance of the Government over rate-capping.

Lambeth is the last of the original 18 rate-capped local authorities still refusing to set a rate. The District Auditor has warned the Labour councillors, led by Mr Ted Knight, that they will be surcharged and may be disqualified from office for five years.

Minet disclaims liability over £130m losses

BY JOHN MOORE, CITY CORRESPONDENT

THE PROSPECT of litigation over the £130m losses faced by 1,525 underwriting members of Lloyd's has been "resurrected," Mr Raymond Pettitt, chairman of Minet Holdings, the large insurance broker, told shareholders yesterday.

Speaking at the group's annual general meeting, Mr Pettitt said that Minet intended *to make a statement next week* to clarify the group's involvement with the Richard Beckett Underwriting Agencies company, which runs the affairs of the 1,525 loss-hit underwriting members.

Mr Pettitt told shareholders that while the group very much regretted the losses sustained from underwriting by the Lloyd's members, Minet had firm legal advice that it had no legal liability in respect of the affairs of Richard Beckett Underwriting Agencies (which is a subsidiary of Minet).

"Minet has attempted to balance the interests of its shareholders and names (the underwriting members) over the past two and a half years in a complex and litigious environment," he said.

Minet in the last few weeks has announced its decision to close down the Richard Beckett Underwriting Agencies company. Last year the underwriting members faced trading losses of £40m and Minet alleged that in addition £40m of their funds had been misappropriated by former underwriting executives. In the last few weeks the underwriting members have been told that a further £60m would be needed from the underwriting members' own resources to fund £130m of future losses.

"Following the disclosure of further losses arising from underwriting, the viability of *Richard Beckett Underwriting* Agencies is irreparably damaged. While we have said the underwriting losses are the direct responsibility of the names, it is clear that the prospect of litigation has been resurrected," Mr Pettitt said.

In the face of this (and legal advice that Minet Holdings is not liable for these losses sustained by names) the board does not consider that the further provision of shareholders' funds is justified, beyond what is required to protect the company's interest, and to allow for the costs of the run down of Richard Beckett."

He said that a provision made by the group of £8.3m had been specifically set up for this purpose.

He added: "While it is clearly the names' prerogative to pursue litigation against Minet Holdings, in the light of the advice we have it would be throwing good money after bad." If the names feel they have a case, it can only be dealt with through the proper legal channels," he said.

Mr Ray Pettitt (right) chairman of Minet Holdings, with Mr Brian Chapple, deputy, at yesterday's annual meeting

Laker lawyer's fees preposterous says judge

By Duncan Campbell-Smith

JUDGE Harold Greene, presiding in the U.S. Federal Court in Washington over *the Laker* civil anti-trust case against British Airways and 11 co-defendants, has described as preposterous the fee charges being put forward in out-of-court discussions by the plaintiff's U.S. counsel.

Mr Christopher Morris, the liquidator of Laker Airways, has brought the $1.01bn suit on behalf of the failed airline's creditors. However the search for an out-of-court settlement, instigated by BA in its bid to clear its own way to privatisation, has resulted in a package worth just under $65m which the creditors are reported to have accepted.

Before approving the package as a satisfactory conclusion to his suit, Mr Morris is legally obliged to settle his contract with Mr Robert Beckman, his U.S. counsel, who agreed at the outset to work for nothing if the suit failed and 20 per cent of the eventual damages if it succeeded.

Mr Beckman is believed to have presented a claim for fees of $65m on this basis to Judge Greene in private talks on Thursday afternoon. Mr Beckman has insisted that the true value of the out-of-court settlement exceeds $300m if account is taken of debts which are to be written-off under the proposed terms.

The judge is understood to have rebuked Mr Beckman for behaving irersponsibly in adhering to his $65m claim. Judge Greene added he would not continue his involvement in the out-of-court talks if Mr Beckman persisted in this vein, but he offered at the end of the meeting to make "one last effort" by talking privately to each of the parties separately in the coming days.

Hostile comment on Mr Beckman's stance towards negotiations over his fee have caused offence within the Laker camp. Sir Freddie Laker said this week: "None of the airline's creditors would have got a bean *if it wasn't for this man,"* when he and Mr Beckman visited London together. Mr Beckman, as well as being Mr Morris's counsel, has been Sir Freddie's adviser in the U.S. for the last 17 years.

Neither Mr Morris nor BA's board would comment last night on the content of the Thursday meeting in Judge Greene's chambers.

● *Iberia*, the Spanish national airline, yesterday received an inconclusive response from the High Court, in London, where it challenged as order by Mr Nicholas Ridley, the Transport Secretary, limiting to 11 the number of its weekly flights from Madrid to London. Mr Justice Taylor reserved judgment on the airline's claim to ban the decision and a ruling is unlikely until next month.

Britain says the restriction is reltation for the Spanish refusal to allow British Airways an early morning flight from Madrid to London. However, Iberia contends that Spain has not broken a treaty covering air links, so Mr Ridley's curb is unlawful.

Joan Gray discusses the coming shake-up in the once cosy tile-making industry

Newcomers ready to launch battle for Britain's roofs

A BITTER battle is about to be fought over Britain's once-cosy £150m a year concrete roof tile business.

The struggle will begin in earnest later this summer when two new competitors enter an industry which has for years *been dominated by two companies*: Redland, with a 41 per cent share and Marley, with 37 per cent.

Although the main battle will centre around concrete roof tiles, its effects will be felt throughout the £200m-a-year roof tile industry in the UK. It could lead to a loss of jobs and factories and a severe weakening of at least one of the major players.

The two new entrants are Scott Roof Tiles, a subsidiary of the largest company in Ireland, Cement Roadstone Holdings, and Tarctile, a newly launched company set up jointly by the UK's quarrying giants, Tarmac and ARC (Amey Roadstone Corporation).

Tarmac and ARC were both looking for new products to manufacture which would use the aggregates they quarry.

The two partners have invested £6m in an automated, computer-controlled concrete tile-making factory at Shepshed on the M1 in Leicestershire. When it comes into full production in two months' time it will be able to make 30m roof tiles a year—enough to meet 10 per cent of the current UK market demand—at a rate of 150 tiles a minute.

The new factory needs far fewer staff than older tile-making plant. Tarctile's boast is that it can produce tiles with only 60 per cent of the manpower needed by its main competitors, Marley and Redland. The Shepshed factory will employ 20 people per shift but according to the production director, Mr Graham Acaster, "we can run the factory with a crew of seven people."

The implications of this are rather startling. There are now 22 major tile-making plants in the UK—10 owned by Marley and 12 by Redland. According to Tarctile's calculations, the whole of Britain's tile market could be met from just 10 highly automated plants.

Scott Roof Tiles is being rather cagier about the size and capacity of its new concrete tile-making plant on a quayside by the Thames at Gravesend in Kent.

The plant has cost the company between £1m and £5m to set up, and will produce enough tiles to meet between 4 per cent and 10 per cent of the UK market demand. It is already producing some *saleable tiles* and will be in full production by September.

Although Redland, particularly, has been emphatic that it will cut prices to whatever level is needed to meet the competition, both Tarctile and Scott deny that they have any intention of causing a "price war" in the industry.

Tarctile's managing director, Mr John Dunsford, says: "We have no intention of cutting prices in the long term. But we will have special price-cutting introductory offers for a few months to buy our stake in the market."

Mr Ralph Clarke, Scott Roof Tiles marketing director, says: "It is in nobody's interest to start a price war. We are stressing the service aspects of the company and will come in at within 2 to 3 to 4 per cent of the prices of our competitors."

Scott's market research revealed a pool of architects, builders and roofing contractors who were anxious to see a third supplier available as an alternative to the big two. Tarctile hopes that its ability to offer rapid delivery from a "monster new factory without a monster order book" will *help* it break into the market.

Tarctile also hopes to gain sales by appealing to new market sectors. It will start by offering just four basic types of tile in four different colours, but plans to extend the product range once the company is established.

"We will be trying to extend the use of concrete tiles in commercial and industrial building as well as housing, and so expand the industry rather than just keep fighting for the same size cake," said Mr Dunsford.

Confronted with increased competition in its main concrete tile market, Redland is trying to diversify. It is looking for a clay tile plant to buy in order to get into the more up-market clay tile business, which currently accounts for 6 per cent of the whole UK tile market. It is also producing a new slate-based tile, the Cambrian, to compete with asbestos cement tiles and with slates.

Redland has also invested heavily in improving the efficiency of its mainstream *concrete* tile business. It has spent a total of £25m in replacing and updating its concrete tile plants over the past four years and has slimmed its workforce with a major redundancy programme.

"We can compete with any low-cost producers now," said the Redland Roof Tiles chairman, Mr Tim Walker.

Marley, the company which pioneered the concrete tile market decades ago, has not laid down any completely new automated factories and has confined its recent investment to updating existing plant.

The company is refusing to make any comment whatsoever on its plans for meeting its new competitors. "At the moment we have to wait and see what the competition will do," said the marketing director, Mr Russell Day.

Lawson tackled on Bank funds for JMB

BY JOHN HUNT

MR NIGEL LAWSON, Chancellor of the Exchequer, has been challenged to say whether £100m was transferred to Johnson Matthey Bankers from the Bank of England without the knowledge of Mr Robin Leigh-Pemberton, Governor of the Bank.

Mr Tony Blair, a Labour Treasury spokesman, has written to the Chancellor saying it is now clear that the sum was transferred from the Bank *to JMB as* part of a rescue operation on November 22.

It was, he says, an indefinite loan, which has since been converted into JMB's capital base.

If this is the case, it would be a considerable embarrassment to the Government. In spite of repeated pressure from Labour MPs, the Government has always maintained that no taxpayers' money was involved.

Mr Blair adds that no mention of the £100m loan was made by Mr Lawson in his statement to the Commons on December 17 on the JMB collapse.

He says that it now appears *from press reports that* Mr Leigh-Pemberton was not aware that a transfer of such a massive sum had occurred.

He puts three questions "of critical importance" to Mr Lawson:

● Did the Governor know or approve of the transfer of the £100m to JMB on November 22?
● If not, why was he not told?
● When did the Chancellor first learn of the transfer?

According to some reports, the Governor, who ordered the rescue of the ailing JMB last October, was angry when he later found out that the £100m *loan had been made without* his knowledge. It was alleged that senior officials at the Bank decided against informing him because they feared he would tell the Treasury which would block it.

The allegations come at a time when the Bank is under criticism over its supervision of the banking system and its handling of the JMB rescue.

Mr Lawson is expected to report shortly to the Commons on the outcome of the review of the arrangements of banking supervision. But Treasury Ministers have emphasised that it is not intended to look into the history of the Johnson Matthey affair, but to formulate advice on the future of banking supervision.

Tube plans switch to grid power

By Maurice Samuelson

LONDON UNDERGROUND is planning to take all the electricity for trains from the National Grid instead of its two independent power-stations, which in the past were regarded as essential to the system's security.

The switch to the public electricity system, planned for 1990, would cost the network up to £50m. But unless it is carried out, Underground authorities say they would face a bill of up to £150m by the mid-1990s to carry out necessary modernisation of their own generating capacity.

At present, the Underground takes two-thirds of its power from the power stations at Lots Road, Chelsea (built in 1904), and at Greenwich (built in 1906). The rest comes from the public system via a supply point at Neasden.

It now plans to buy all its requirements — equivalent to the output of a 300 megawatt power station — from the London Electricity Board. At present prices this should cut its electricity bill from £35m a year to £27m, it claims.

Hawker Siddeley Power Engineering has been appointed to develop a scheme for the changeover, which is subject to government approval.

British Rail also buys its power from the public supply network. However, because of the size of the national railway network, it purchases the electricity directly from the Central Electricity Generating Board, under the CEGB's Bulk Supply Tariff, rather than from the area retailing boards.

At present, the LEB supplies 200m units of electricity a year to the Underground. It is being asked to increase this to 800m units.

The age of the equipment at Lots Road has been blamed for a number of power breakdowns on the Tube in recent years. Simultaneously, however, the development of the so-called "super grid" of 275 kilovolt and 400kv transmission lines has made the public system much more secure.

Even when it is plugged into the grid, however, the Underground intends to retain an emergency back-up supply by building gas turbines, which would be connected to the Tube's deepest tunnels.

The plants were originally fuelled by pulverised coal and converted in the late 1960s to a mixture of natural gas and oil. The Underground says they would need to be re-equipped by the mid-1990s.

Sir Keith acknowledges 'brain drain' in science

BY KEVIN BROWN

SIR KEITH JOSEPH, Secretary of State for Education and Science, admitted in the Commons yesterday that Britain is suffering from a "brain drain," but he ruled out urgent action to tempt scientists to return.

His comments followed a report from the Government's scientific advisers calling for an increase in the science budget of £85m over the next three years. The report, by the Advisory Board for the Research Council, forecast a cut of almost 10 per cent in scientific research during the 1980s, unless rapid action was taken.

Sir Keith told MPs that he was "seriously worried" by evidence that scientific skills were being lost to Britain, but he insisted that science spending had to be determined by economic performance.

His impression was that the loss of scientists was not being balanced by immigration by overseas scientists, or by the return of British expatriates. "There is a net brain drain," he said.

Sir Keith was challenged by Mr Patrick Thompson (C., Norwich North) to consider taking steps to encourage British *scientists working abroad to* return to the UK. He replied: "I do not know if the situation demands that kind of action, or if it would be successful."

Dr Jeremy Bray, Labour's science spokesman, accused the Government of destroying centuries of scientific tradition by "parsimony, misunderstanding, abuse and hostility." He claimed that the Cabinet was "hag-ridden by the *anti-science* brew" served up by Sir Keith, by the Prime Minister, and Mr Nigel Lawson, the Chancellor.

In a strong personal attack, he told the Commons: "If ever there were an argument for the cultural contribution needed from science, it is embodied in the background of those three—the ageing guru believing that whatever he cannot think out *for himself is not knowledge*; the financial journalist, a product of Oxford PPE from its slickest, most superficial and arrogant period; and the second-class chemist for whom science wes merely a channel through which she could pass to the indulgence of her political obsessions."

● Mr Roy Hattersley, Labor's Deputy Leader, challenged the *Liberal/SDP Alliance yesterday* to state "yes or no" whether it would sustain Mrs Thatcher in power, should no party have an overall majority after the next general election.

Launching Labour's Brecon and Radnor by-election campaign, Mr Hattersley said that this was the vital question for voters.

In particular, he asked the Alliance candidate what his position would be "in the unlikely event of his becoming an MP." The candidate was not immediately available to answer, but Mr David Steel, the Liberal leader, arrives in the constituency today and is certain to be pressed on the issue.

Touche and Temple merge

BY LIONEL BARBER

TOUCHE ROSS AND CO and Temple Gothard have successfully concluded merger talks. The combined firm, which will practise under the Touche Ross name, will be the sixth largest accountancy practice in the UK, with combined fees of £65.5m.

The merger takes effect from tomorrow. The new firm will have 200 partners and employ some 2,600 staff in 24 offices in various parts of the UK.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hill Samuel	§12½%
Allied Irish Bank	12½%	C. Hoare & Co.	12½%
American Express Bk.	12¾%	Hongkong & Shanghai	12¾%
Henry Ansbacher	12½%	Johnson Matthey Bkrs.	13 %
Amro Bank	12½%	Knowsley & Co. Ltd.	13 %
Associates Cap. Corp.	13 %	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	13¾%
Bank Hapoalim	12¾%	Meghraj & Sons Ltd.	12¾%
BCCI	12¾%	Midland Bank	12½%
Bank of Ireland	12¾%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12¾%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	13½%
■ Brown Shipley	12½%	Provincial Trust Ltd.	13½%
CL Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	P. S. Refson	12¾%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13½%
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12¾%
Choulartons**		■ J. Henry Schroder Wagg	12½%
Citibank NA	12½%	Standard Chartered	‖12½%
Citibank Savings	¶12¾%	TCB	12½%
Clydesdale Bank	12½%	Trustee *Savings* Bank	12½%
C. E. Coates & Co. Ltd.	13½%	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12¾%	Westpac Banking Corp.	12½%
Co-operative Bank	*12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Dunbar & Co. Ltd.	12½%	Yorkshire Bank	12¾%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12¾%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%, 1 month 10¼%. Top Tier—£2,500+ at 3 monthly notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

Bank in £400m gilts issue

THE BANK of England announced yesterday the issue of a new £400m gilt-edged stock designed to appeal to high-rate taxpayers.

The 3 per cent Treasury 1990 will be offered for sale by tender on Thursday at a minimum price of £75½ per £100 of stock.

The Bank also announced that it was issuing £200m of the existing 2½ per cent index-linked Treasury 2013 stock, which will be available for trading in the market from Monday.

Customs powers over computers extended

By George Graham

THE GOVERNMENT has moved to give the Customs and Excise department more powers to *inspect company records* kept on computers.

Customs will have the same power to inspect accounts and records kept on computers as it already has for written material.

The new powers are in a clause added to the Finance Bill, now in Committee Stage. The Bill brings wide revision of Customs powers to collect value-added tax and enforce VAT and excise liabilities.

Mr Peter Rees, Chief Secretary at the Treasury, said the powers were needed because more firms now kept records on computers.

Advertising of next ITV franchises mandatory

BY RAYMOND SNODDY

THE franchises of the 15 independent television companies will have to be readvertised in 1989 as a result of the failure of the direct broadcasting by satellite consortium.

The Government added an amendment to the Cable and Broadcasting Act removing the mandatory readvertising of the franchises every eight years. The discretion on whether or not to readvertise the franchises was given to the Independent Broadcasting Authority.

This change was designed to encourage the ITV companies to join the BBC in the £500m project. The companies had argued successfully that they could not be expected to take such a long-term risky investment with their terrestial franchises under threat.

It is now clear that although the concession passed into the wording of the Act, the section involved — section 49 — has never been implemented.

The Government has held in reserve the schedule, which would have brought the clause into effect.

Because the joint venture has fallen, the provisions of the 1981 Broadcasting Act requiring the mandatory re-advertising of franchises every eight years remain in force.

The IBA announced yesterday that there would be a meeting on Monday of the Satellite Broadcasting Board, the body which was supposed to regulate the new DBS industry. The board would be considering a full report of Thursday's meeting of the DBS consortium

ECONOMIC DIARY

TOMORROW: Department for National Savings' monthly progress report (May).

MONDAY: Nato defence ministers meet in London (until June 18).

TUESDAY: Index of output of the production industries (April). Public sector borrowing requirement (May). EEC foreign ministers meet in Luxembourg (until June 19).

WEDNESDAY: Average earnings indices (April—provisional) for employment, hours and unit wage costs. British Telecom quarterly results.

THURSDAY: EEC energy ministers meet in Luxembourg. Capital expenditure by the manufacturing and service industries (first-quarter, revised). Manufacturers' and distributors' stocks (first-quarter, revised).

FRIDAY: GDP (first-quarter provisional). Cyclical indicators for the UK economy (May).

Max Wilkinson assesses the Chancellor's chances of staunching the rise in the retail prices index

Inflationary dragon rears its head against monetary weapons

MOST ECONOMISTS outside the Treasury agree with Mr Nigel Lawson, the Chancellor, that the recent rise of inflation to an annual rate of 7 per cent will be temporary, and the figures will improve again in the autumn.

However, few outsiders are *now as optimistic as the* Treasury which maintains the annual inflation rate will fall to around 5 per cent by the end of the year.

It now looks as if the figure could move close to 7½ per cent before the summer is out, compared with around 5 per cent last year. This could revive dark memories of the inflationary scramble in the last decade.

It is therefore important for the Government to convince unions and the City that monetary policy is still safely tethering the inflationary dragon.

Unfortunately, the authorities' monetary weapons are looking distinctly rusty.

Although interest rates are at historically high levels in real terms, sterling M3 galloped ahead at an annual rate of 19 per cent in the latest three months. That is almost four times the rate of inflation which the Government hopes to see by the end of the year.

That figure no doubt overstates the problem, but even taking the latest 12 months, the growth of broadly defined money has gone embarrassingly *over its target limit.*

It would be easier to ignore the money supply if all the other indications were pointing to fair weather ahead. But they are not.

Pay settlements have been edging upwards recently. The Confederation of British Industry reported an average of 6¼ per cent for settlements in manufacturing industry in the *first three months of this year,* compared with 6 per cent last year and 5.7 per cent in the same period in 1982.

The worry must be that after a 7 per cent inflation figure this summer, wage bargainers will go into the new pay round this autumn determined to lever settlements up another percentage point or so.

The underlying annual rise of average earnings in manufacturing industry (including bonus and other payments) rose slightly to 8¾ per cent in March. For the whole economy, earnings have been going up at a *steady 7½ per cent a year.*

RETAIL PRICES MAY 1985 Percentage rise over 12 months	
All items	7.0
Non-seasonal foods	4.5
Seasonal foods	−4.2
Alcoholic drink	6.1
Tobacco	7.7
Housing	18.1
Fuel and light	4.4
Durable household goods	3.0
Clothing and footwear	3.3
Transport and vehicles	6.2
Miscellaneous	7.8
Services	7.8
Meals out	5.4
Nationalised industry prices	5.3

The inflation rate has been insulated from the relatively rapid rise in wages by productivity increases (often through the sacking of workers) but there are uncomfortable signs that wage costs are accelerating again.

In the first quarter of this year, industry's labour costs per unit of output were rising at an annual rate of 5.7 per cent, faster than at any time since 1982.

These indications emphasise the Government's anxieties about the next wage round, which starts with the local authority manual workers' claim in September, followed by motor industry claims in October. Pressures will be increased by:

● The company sector's large *rise in profits.*
● Some skill shortages as the recovery proceeds.
● The recent high inflation figures.

To counter the danger of a renewed price-wages spiral, the Government is arguing as hard as it can that the "underlying" forces of inflation remain subdued. This case has two legs.

The first is that much of the *recent rise in the Retail Price* Index reflects the increase in mortgage interest rates from 10¾ per cent a year ago to just under 14 per cent now. Each one percentage point rise in the mortgage rate adds 0.4 per cent to the RPI. Without this rise the inflation rate in May would have been a respectable 5.3 per cent instead of 7 per cent.

The second leg is that some of the recent rise in inflation is the result of higher import prices resulting from sterling's decline last year. In the first quarter of this year the price of manufacturers' supplies was 9 per cent higher than 12 months earlier.

But since January, sterling has bounced back by about 12 per cent, partly because of the Government's decision to *tighten policy and raise interest* rates. This helped to push the rise of manufacturer's supply costs to only 3.6 per cent in May compared with a year earlier. The general weakness of world commodity and oil prices will also help.

If sterling remains fairly strong, and if interest rates start to decline later this year, the inflation rate should be *given a double benefit.*

Moreover, there is a technical factor which will give the August inflation figure a downward push. This is because mortgage rates went up from 10¾ per cent to 12¾ per cent last August. From that month onwards, therefore, current mortgage rates will show a smaller increase compared with a year earlier and this will be reflected in a *lower annual inflation rate.*

Nevertheless the City believes that the Government will be lucky if inflation is down to 6 per cent by the end of the year. But, if the same favourable factors continue, there seems no reason why inflation should not fall back to 5 per cent or below in the first half of 1986.

Thereafter the behaviour of wages and productivity are likely to be increasingly important.

The clearest danger to the Government's strategy is that sterling might run into another of its periodic crises.

Although some weakening of the pound would be accepted, the Government could soon be forced to consider raising interest rates from levels which are already dangerously high from the point of view of growth, investment and jobs. And this would temporarily push the inflation rate up by increasing mortgage payments.

At present sterling looks quite secure and there is no sign that interest rates are set to rise. But the prospects of a fall are fogbound as well, so the Treasury will have plenty of scope for anxiety this summer.

Transport union wins action over voting disclosure

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE TRANSPORT and General Workers' Union has defeated a move to force it to give its members access to a central register of branch results in ballots for a successor to Mr Moss Evans as the union's general secretary.

A High Court judge said yesterday that the union's rules gave a member the right to be told the result of voting in his own branch, but not other branch results.

Mr Justice Vinelott said he could find nothing in the rules conferring the more extensive right to details of the results that had been claimed by Mr Declan Hughes, a Kent farmworker.

"Nor is it necessary, in my judgment, to import any such right to ensure that the rights of members, as members of a democratic body, are protected," the judge said.

The union's members must be understood to have given their elected representatives the task of collating ballot results at regional and national level.

Mr Hughes, a member of Central Kent Branch of the TGWU, had taken the union to court to make it disclose extensive branch-by-branch details of voting in last year's aborted election and this year's re-run contest between Mr Ron Todd and Mr George Wright.

The judge said that during the hearing the union had accepted that the election procedure laid down by the rules should be strictly followed, even though that meant diverging from long-standing practice.

It had undertaken that branch results would be declared to branch members, who would also be told of any changes resulting from the results being checked at regional and national level.

Mr Hughes had been satisfied with the procedure followed in the re-run election, but claimed that every member was entitled to be told the result at all branches, not merely his own.

He had dropped his claim that the union should publish branch-by-branch results, but maintained his argument that members had a right of access to a central register of results.

BR to meet unions over £200,000 stoppage claim

BY WALTER ELLIS

BRITISH RAIL yesterday granted a request from the National Union of Railwaymen and the train drivers' union, Aslef, for talks on its £200,000 damages claim resulting from a one-day strike in January.

A meeting will be held, probably before the end of this month," between members of the British Railways board and leaders of the two unions. The meeting will be informal outside the framework of normal negotiating procedures.

In its reply to the unions, the board stressed that it had not withdrawn its plan to take legal action in pursuit of its compensation claim. It was, however, prepared to defer the matter until after meeting the NUR and Aslef.

"We will see what comes out of the talks," a board official said yesterday. "Perhaps the problem can still be resolved between us."

The NUR welcomed the board's decision. Aslef voted this week at its annual delegate conference to hold ballots in future before taking industrial action

The claim for £200,00 in compensation arose out of a one-day strike by groups of railwaymen in support of the miners' stoppage. British Rail had given the unions until yesterday to admit liability for losses incurred, arguing that the strike had taken place without a prior ballot and was therefore unlawful under the terms of the 1984 Trade Union Act.

Neither union has so far accepted liability for British Rail's losses

Reprimand for Nalgo leaders over staff strike

By David Brindle

THE LEADERSHIP of the National and Local Government Officers' Association was reprimanded yesterday for its handling of the recent 17-day strike by the union's staff.

Delegates to Nalgo's annual conference at Blackpool passed two resolutions critical of the union's national executive council for its "lack of urgency" and, implicitly, for the dismissal which started the dispute.

One resolution said Nalgo's policy should be to oppose staff dismissals on "circumstantial evidence." The National Union of Journalists will use this to press for reinstatement of Mr Jim Roberts, the press officer, who remained dismissed for allegedly leaking a confidential document.

Press and public were excluded from the conference yesterday as delegates discussed Nalgo's third staff dispute in little over a year.

The first resolution, carried by show of hands, deplored the executive's lack of urgency and instructed it to hold an urgent review of the way staff disputes were handled.

The second, carried by card vote of 354,065 to 281,115 declared the union's opposition to staff dismissals on circumstantial evidence alone.

Although the resolutions were accepted for debate on the basis that their effect would not be retrospective, the NUJ says that it remains in dispute with Nalgo over Mr Roberts, and that the policy should be applied to what is still a live issue.

The dispute has not increased the popularity among Nalgo activists of Mr John Daly, the union's general secretary, who is seen as responsible for the dismissal. He escaped direct personal criticism when conference voted earlier this week, by a 55 per cent majority, not to debate a censure motion yesterday.

Conference rejected an emergency resolution put by the London Borough of Lambeth Branch calling for specific action by Nalgo if Lambeth councillors were surcharged for not setting a rate and members of the union there took strike action.

Civil servants fear government veto power over pay awards

BY DAVID BRINDLE, LABOUR STAFF

UNION leaders representing 500,000 civil servants fear that the Government intends to retain the final say over awards thrown up by any new long-term pay system.

Mr Nigel Lawson, the Chancellor, was said to have told Civil Service union general secretaries at a meeting yesterday that there would be a need for a *force majeure* clause in any long-term agreement.

He did not elaborate on this, but the union leaders believe h may envisage a right of veto with broader application than merely at times of national emergency. If so, they say, the prospect of an agreement is in doubt.

Mr Gerry Gillman, general secretary of the Society of Civil and Public Servants, said: "This, to me, is the key: the make-or-break factor. If they are going to be able to intervene at any time, what's the point in having an agreement?"

Mr Lawson's comment came as the union leaders pressed him on how the Government could maintain a regime of annual pay factors in the public services at the same time as it was offering new, externally-linked, pay machinery for the Civil Service.

Their concern was heightened by the leaking of a Treasury consultative document, indicating that the Government is determined to maintain a "progressive squeeze" on Civil Service costs and that it may introduce a seystem of annual running cost targets.

The document, written by Mr Peter Rees, Chief Secretary to the Treasury, says that the targets need to be "tight" to generate continuing reductions in the size of the Civil Service. It suggests setting an aggregate target of cost increase tat 0.5 per cent below inflation forecasts each year.

South Wales miners may regain sequestered cash

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE South Wales area of the National Union of Mineworkers will regain £334,000 of its funds, held by the sequestration order against the national NUM—provided the national union does not lay claim to the money in the next seven days.

Mr Justice Mervyn Davies, after hearing evidence from counsel for the South Wales area and for Mr Michael Arnold, the NUM receiver, said in the High Court yesterday that he was satisfied that the £334,000 belonged to South Wales.

He gave Mr Arnold permission to pay the money, held in an NUM account with the Co-operative Bank in Sheffield, to the area but said that the receiver should not act for seven days.

The court had been told by Mr Peter Cresswell, QC, for Mr Arnold, that last August Mr Arthur Scargill, NUM president, had claimed the £334,000 belonged to the national union.

However, Mr Arnold believed that claim had been "a smoke-screen" to try to avoid the money being seized under a sequestration order

The judge said that, in view of that, Mr Scargill, Mr Peter Heathfield, NUM general secretary, and Mr Mick McGahey, NUM Scottish president, should have an opportunity to make the claim to the court.

Mr Cresswell said the money, the proceeds of sale of South Wales area investments, was part of £458,000 the area had transferred from its account with Midland Bank, Pontypridd, to the NUM's Co-operative Bank account in Sheffield

Contempt of court fines against South Wales totalling £50,000 had been taken from the fund and another £100,000 set aside for sequestration costs. The balance, with interest, amounted to £334,000.

Scargill calms Cosa fears on new rules

LEADERS OF Cosa, National Union of Mineworkers' white-collar section, had a special meeting in Derby yesterday with Mr Arthur Scargill, NUM president, and Mr Peter Heathfield, the general secretary, to discuss union rule changes.

Cosa, which has 16,000 members, has fears for its autonomous status in the NUM if Mr Scargill's proposals go through at the NUM annual conference in Sheffield next month.

Mr Trevor Bell, Cosa general secretary, said: "Safeguards were given, and a letter has been promised from Mr Scargill confirming the statements he made today."

Mr Bell, who did not take part in the discussions, sat back while Mr Scargill spoke to the Cosa council for the first time since he became president.

Cosa would wait until after the NUM conference to decide what action to take, he added.

Sacked women win damages appeal

TWO WOMEN who became pregnant soon after taking on new jobs and were dismissed, yesterday won appeals against rejection of their compensation claims,

Mrs Sandra Hayes, a 33-year-old part-time barmaid from Cleveland, and Mrs Caroline Maughan, a trainee court clerk in London, became pregnant two months and six weeks respectively after taking on jobs.

Both were barred from bringing unfair dismissal claims under the Employment Protection laws because they had not been employed for at least 12 months. So they brought separate claims before industrial tribunals in Middlesbrough and London under the 1975 Sex Discrimination Act, claiming they had been victimised. oBth cases were dismissed.

Allowing their apepals and ordering new hearings before differently constituted industrial tribunals, Mr Justice Waite at the Employment Appeal Tribunal in London said the 1980 case, Turley verses Allders Department Stores, had been regarded as authoritative and the industrial tribunal had acted properly

But, the judge said, it was a "decision limited to narrow hypothetical circumstances"

Citibank consumer head

CITIBANK has appointed Mr **Paul A. Cohen** as managing director of Citibank Consumer Services. Mr Cohen, who was previously managing director of Citibank Savings, consumer finance arm of Citibank, will have responsibility for the bank's consumer expansion activities in the UK and Channel Islands.

★

Mr James Meynell has been appointed a director of MEYNELL VALVES, Wolverhampton. He is the eighth generation of the Meynell family to serve the company since its foundation in 1978

★

LADBROKE GROUP has appainted **Mr Christopher J. Allwright** and **Mr Charles P. Lings** as directors of the UK professional services property subsidiary, Ladbroke Land.

★

P-E INTERNATIONAL has appointed **Mr Mark Samuels** as group managing director. He was managing director of P-E Computer Services.

★

R. W. STURGE AND CO has appointed **Mr Perter Portman** as deputy underwriter of syndicate 209 and as a director of A. L. Sturge (Syndicates Management).

★

KEELER HOLDINGS has appointed **Mr Howard Ross** as director of marketing.

★

INDUSTRIAL LATEX COMPOUNDS has made management personnel realignments. A new board of executive directors has been appointed all from within the group. **Mr John Davison** has been appointed commercial director; **Mr David Scott**, export director; **Mr Keith Thompson**, financial director; **Mr Jeff Rice**, works director; and **Mr Des Hutchinson**, executive sales director.

★

Dr Michael Arnold has been appointed head of administration services in the secretary's department of the BRITISH GAS CORPORATION, from July 22. He was divisional administration manager in the production and supply division.

★

Mr Christopher Ashton-Jones will be rejoining DEWE ROGERSON as a director from July 29. He has been group manager—public information of the The BOC Group since May 1983.

★

WHITWORTH'S FOOD GROUP has appointed **Mr Graham R. Haines** to the board as deputy chief executive. He joins from Hunter Saphir where he was managing director of Hunter Distribution, before becoming responsible for group business development. **Mr Iain Stowe** has been appointed divisional managing director of Whitworth's Produce (Chatteris) subsidiary and divisional director of the prepacking division. He joins from Ross Produce where he was commercial director.

★

SAC TECHNOLOGY has appointed **Mr William T. Neen** as financial director. He joins from Marconi Radar Systems (a subsidiary of GEC) where he was finance director.

★

Following acquisition of shares in BRITISH BENZOL CORBONIZING by interests of **Mr M. H. Stockdale**, the following appointments have been made: **Mr W. J. C. Doule** becomes executive chairman, **Mr Stockdale**, chief executive, **Mr R. J. Taylor**, deputy chief executive, **Mr A. A. Theodorou**, director responsible for corporate development. **Mr G. Arthur** remains as financial director and **Mr A. Ferguson** as non-executive director. **Mr D. Bell, Mr G. W. Jarville** and **Mr Mr D. P. McErlain** have resigned.

★

LIFECARE INTERNATIONAL has appointed **Mr John Brackenbury** to the board, as a non-executive director. He was a managing director of the leisure activities division of Grand Metropolitan.

★

Mr Roger Lawson has been elected chairman of the LONDON SOCIETY OF CHARTERED ACCOUNTANTS. He is a senior local director at Investors in Industry. **Mr John Smith**, a national director of business services at Arthur Young, has been appointed vice chairman, and **Mr Chris Reay**, in practice in Wimbledon, has been elected treasurer.

★

THE ALLIED ENTERTAINMENTS GROUP has appointed **Mr Rupert Kindersley**, formerly with Midland Bank International, as company secretary and **Mr Martyn Stanger**, who has been with Harvey Goldsmith for nine years, becomes group treasurer.

★

Mr Richard Peskin, at present managing director of GREAT PORTLAND ESTATES has in addition been appointed deputy chairman.

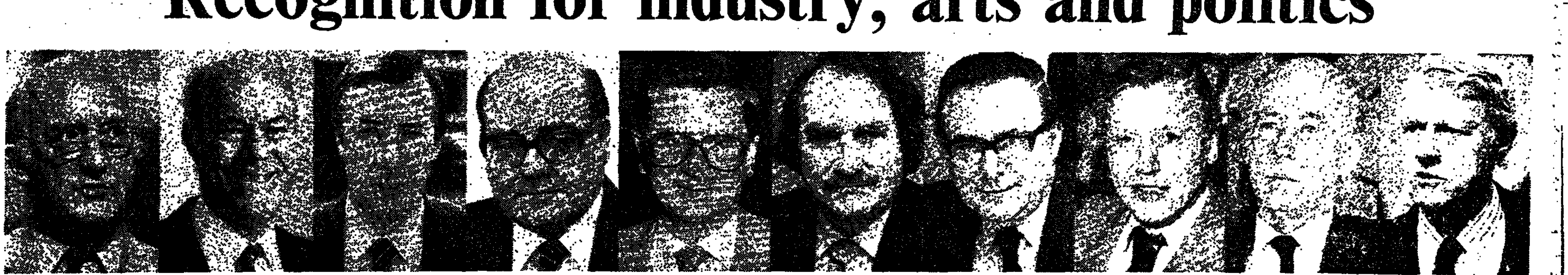
★

The SCOTTISH EXHIBITION CENTRE has made appointments to its two subsidiary companies. The Scottish Exhibition and Conference Centre board will comprise: chairman, **Mr James Gordon**; managing director, **Mr Chris Garrett**; marketing director, **Mr Robert Saunders**; financial director, **Mr Gill Saunders**; and commercial director, **Mr Fred Ritchie**. SEC Exhibitions will have the same chairman, managing director, marketing director, financial director and **Mr Frank Boiteux** as exhibitions organiser and director.

★

Mr Michael R. Ward-Penny, has joined BRADBURY WILKINSON as group company secretary. He was with Sterling Greengate Cable Company.

Recognition for industry, arts and politics



Russell Johnston *Knight* · Eric Pountain *Knight* · Philip Harris *Knight* · Peter Main *Knight* · Robert Wilmot *CBE* · John Harvey-Jones *Knight* · Ronald Halstead *Knight* · David Attenborough *Knight* · Robert Reid *Knight* · Eldon Griffiths *Knight*

SPECIAL acknowledgement is made in the Queen's Birthday Honours to those who were involved in the Brighton bomb tragedy. Service to industry and experts, public and political work, sports and the arts, all receive recognition. The List includes two life peers, a Privy Counsellor, two Companions of Honour, and 33 knights bachelor.

The following is a selection of the more interesting recipients.

LIFE PEERS

BARONS

Sir Walter Charles Marshall, chairman, Central Electricity Generating Board.

Mr Robert Joseph Mellish, deputy chairman, London Docklands Development Corporation.

PRIVY COUNSELLOR

Mr Barney (Bernard John) Hayhoe, Minister of State, Treasury (MP, Brentford and Isleworth).

COMPANIONS OF HONOUR

Mr Philip Arthur Larkin, for services to poetry.

Professor Rodney Robert Porter, for services to biochemistry.

KNIGHTS

Mr David Frederick Attenborough, broadcaster.

Mr George Bernard Audley, chairman, AGB Research.

Professor George Malcolm Brown, director, British Geological Survey.

Professor David Roxbee Cox, Professor of Statistics, Imperial College of Science and Technology, University of London.

Mr Bernard Melchior Feilden, for services to architecture.

Mr Peter Froggatt, President and Vice-Chancellor, Queen's University of Belfast.

Mr Ernest Roy Griffiths, for services to the National Health Service.

Mr Eldon Wylie Griffiths, for political service (MP, Bury St. Edmunds).

Mr Ronald Halstead, chairman and chief executive, Beecham Group.

Mr Leonard Maxwell Harper Gow, deputy chairman, Christian Salvesen.

Mr Philip Charles Harris, chairman Harris Queensway.

Mr John Henry Harvey-Jones, chairman, Imperial Chemical Industries.

Professor Francis Harry Hinsley, historian.

Mr Arthur Hugh Hoole, president, The Law Society.

Mr Peter Maudsley Hordern, for political service (MP, Horsham).

Mr Martin Wakefield Jacomb, former vice-chairman, Kleinwort Benson, for services to the City.

Mr David Russell Johnston, for political and public service (MP, Inverness Nairn and Lochaber).

Mr John Patrick Lowry, chairman, Advisory, Conciliation and Arbitration Service.

Mr David James Lumsden, principal, Royal Academy of Music.

Mr Donald Og Grant Maclean, for political and public service.

Mr Peter Tester Main, lately chairman, The Boots Company.

Mr Neville Marriner, for services to music.

Mr James Munn, chairman, consultative committee on the curriculum, and for public services in Scotland.

Mr Philip Alan Myers, Inspector of Constabulary, North West Region.

Mr Oliver John Napier, for political service.

Mr Eric John Pountain, chairman and chief executive, Tarmac, for services to export.

Professor Philip John Randle, Professor of Clinical Biochemistry, University of Oxford.

Mr Robert Basil Reid, chairman, British Railways Board.

Mr Gordon Shattock, for political and public service.

Brigadier John Nicholas Somerville, for political service.

Mr Joseph Anthony Porteous Trafford, for political and public service.

Professor Henry William Rawson Wade, for services to English Law.

Mr David Innes Williams, director British Postgraduate Medical Federation, University of London.

ORDER OF THE BATH

GCB

Sir Philip Brian Cecil Moore, private secretary to the Queen.

KCB

Mr Angus McKay Fraser, chairman, Board of Customs and Excise.

Mr David John Stowell Hancock, permanent secretary, Department of Education and Science.

Mr James Geoffrey Littler, second permanent secretary, Treasury.

CB

Mr Stanley Agnew, chief engineer, Scottish Development Department.

Mr Clifford Boulton, clerk assistant, House of Commons.

Mr Louis Calvert, comptroller and auditor general for Northern Ireland.

Mr Geoffrey Chipperfield, deputy secretary, Department of the Environment.

Mr Kenneth Dowling, deputy director of Public Prosecutions.

Mr Kenneth Forecast, under secretary, Cabinet Office.

Mr James Galbraith, under secretary, Department of Employment

Mr John Guinness, deputy secretary, Department of Energy.

Mr David Holmes, deputy secretary, Department of Transport.

Mr Patrick Jarvis, deputy secretary, Ministry of Defence.

Miss Mary Lackey, under secretary, Department of Trade and Industry.

Mr Thomas Legg, deputy secretary, Lord Chancellor's Department.

Miss Elizabeth Llewellyn Smith, deputy director general, Office of Fair Trading.

Mr Denis Peach, Chief Charity Commissioner.

Mr Brian Robson, deputy secretary, Ministry of Defence.

Mr Cecil Shipp, principal director, Ministry of Defence.

Mr John Taylor Thompson, commissioner, Board of Inland Revenue.

Mr William Utting, chief inspector, social services inspectorate, Department of Health and Social Security.

ORDER OF ST. MICHAEL AND ST GEORGE

KCMG

Mr John Reid, chief medical officer, Scottish Home and Health Department; and for services to international medicine.

CMG

Professor Brian Fender, lately director, Institut Laue Langevin, Grenoble.

Mr Peter McLean, assistant secretary, Overseas Development Administration.

ROYAL VICTORIAN ORDER

CVO

Sir John Davis, trustee, Westminster Abbey Appeal, and president of the Rank Organisation.

Mr Charles Annand Fraser, Purse Bearer to Lord High Commissioner to General Assembly of Church of Scotland, and trustee, Scottish Civic Trust.

Lord Napier and Ettrick, private secretary, comptroller and equerry to Princess Margaret.

LVO

Lt-Col Richard Satterthwaite, director and general secretary, National Playing Fields Association.

ORDER OF THE BRITISH EMPIRE

DBE

Mrs Mary Jenkins, for public services.

Mrs Jill Knight, for political service (MP, Edgbaston).

Mrs Alison Munro, for public services.

Miss Joan Varley, for political service.

CBE

Mr M. Argent, secretary, British Telecommunications.

Professor M. E. Beesley, director, Institute of Public Sector Management, London Business School.

Mr R. Bexon, deputy chairman, British Petroleum Company.

Mr W. E. Bloomfield, resident director, Laing-Mowlem-ARC Joint Venture, Falkland Islands.

Mr Julian Bream, guitarist and lutenist.

Mr John Bullmore, chairman J. Walter Thompson Company.

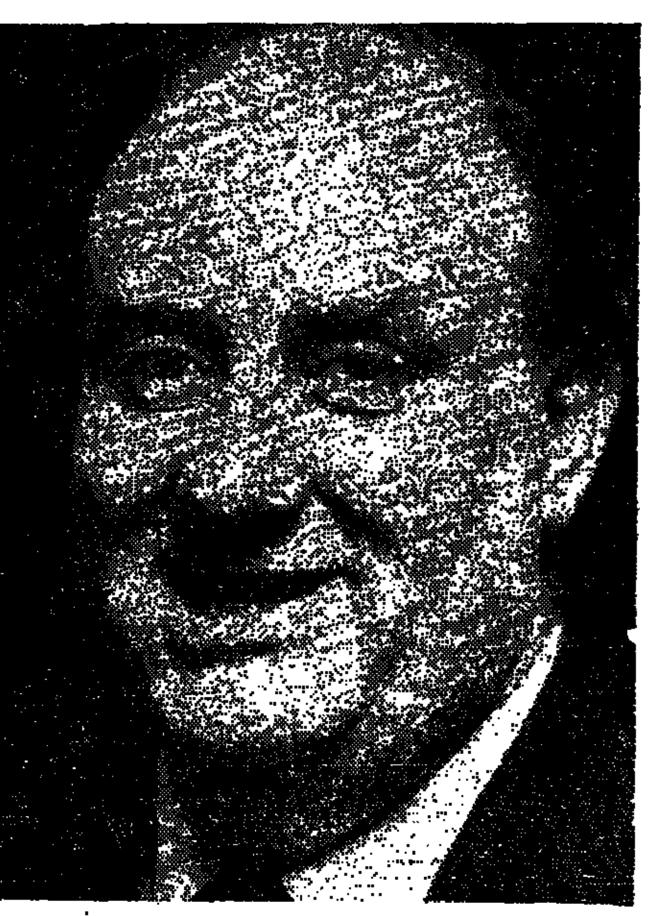
Mr D. G. Campion, chairman, Seccombe, Marshall and Campion.

Professor J. J. Connell, director, Torry Research Station, Ministry of Agriculture, Fisheries and Food.

Miss Joanna Drew, director of art, Arts Council of Great Britain.

Major H. Duckworth, lately Chief Commoner, City of London.

Mr J. D. Eccles, lately deputy chairman, Monopolies and Mergers Commission.



Walter Marshall
Baron

Mr J. T. Edwards, senior partner, Freeman Fox and Partners, for services to export.

Mr M. J. Edwards, commercial director, National Coal Board.

Lady Faulkner of Downpatrick, National Governor, Northern Ireland, British Broadcasting Corporation.

Mr A. H. Ferguson, Lord Mayor of Belfast.

Mr M. H. Field, lately general manager and director, Phoenix Assurance.

Mr I. R. Guild, lately chairman, Scottish Committee, Council on Tribunals.

Mr J. R. S. Homan, industrial director, National Economic Development Office.

Mr R. G. Hooker, chairman, Henry Sykes.

Mr V. G. Huntrods, lately executive director, Lloyds Bank International.

Mr Derek Jacobi, actor.

Mr F. S. Jennett, architect, Percy Thomas Partnership.

Mr F. H. King, author; and for services to authors and writers.

Mr G. J. Lomer, technical director, Racal Electronics.

Mr T. Mayer, chairman and managing director, Thorn EMI Electronics, for services to export.

Mr John McCabe, composer and pianist.

Mr Donald McIntyre, for services to opera.

Mr Andy Roberts, for services to cricket.

Mr F. E. Roe, divisional managing director, Warton Divn., Aircraft Group, British Aerospace, for services to export.

Mr T. E. Smith, chairman, Smith's Containers.

Mr T. E. Spratt, chairman and managing director, Safeway Food Stores.

Mr H. M. Stephen, managing director, Daily Telegraph and Sunday Telegraph, for services to the newspaper industry.

Mr W. T. Stevenson, chairman, Scottish Transport Group.

Mr R. E. R. Tyrrell, managing director, XCAN Grain (Europe).

Mr M. G. N. Walker, chief executive, Sidlaw Group.

Mr R. W. Wilmot, chairman, ICL

Mr R. A. Wing, chairman, Sanofi UK, for services to the pharmaceutical industry.

Mr W. C. Woodruff, for services to civil aviation

Mr P. R. Wright, director, Sadler's Wells Royal Ballet.

OBE

Mr J. S. Ackland, architect.

Mr T. R. Baker, special director, aircraft and control engineering division, Louis Newmark.

Mr F. W. Ballard, group sales director, Ransomes and Rapier, for services to export.

Mr L. H. Bannister, chairman, Anglian Produce.

Mr D. W. Bell, director, Industrial Participation Association.

Mr J. C. Cain, lately group director, British Technology Group.

Mr D. B. Carr, secretary, Test and County Cricket Board.

Catherine Cookson, novelist.

Mr E. C. B. Corlett, chairman and managing director, Burness, Corlett and Partners.

Noel Cox, for services to music.

Mr I. F. Dallison, manager, inland transport, British Steel Corporation.

Mr R. A. Denney, director, British School Technology.

Mr J. S. Denton, lately managing director and chief executive, Nickerson Seed Company.

Mervyn Dobson, singer.

Miss A. M. Donaldson, London editor, Glasgow Herald.

Mr A. L. Dorey, technical director, Vosper Thornycroft (UK).

Mrs M. M. Doyle, managing director, UDEC Refrigeration, for services to export.

Mr N. Gilchrist, production director, Swan Hunter, British Shipbuilders.

Mr B. N. Green, technical director, VG Analytical.

Mr E. M. Heins, for services to the Road Haulage Association.

Mr J. K. Harwood, vice president and managing director, R. H. Macy & Co. Inc., corporate buying, for services to export.

Mr W. G. Haslam, director, Prudential Corporation.

Mr A. J. D. Haswell, the insurance ombudsman.

Mr J. C. Hawthorne, manufacturing director, Patons & Baldwins.

Mr K. H. Holliday, director of engineering, Lucas Aerospace.

Mr M. C. Holmes, director of operations, British Railways Board.

Mr K. G. Jessop, managing director, Stelmo, for services to export.

Raymond Keene, for services to chess.

Thea King, clarinettist.

Mr P. E. Lane, for services to the oil industry.

Mr F. Ledger, director of operations, Central Electricity Generating Board.

Lord John Oaksey, for services to the Injured Jockeys Fund.

Mr A. Martinez, chairman and managing director, Microvitec.

Mr H. A. Mason, managing director, Finlay Packaning.

Mr D. Mate, lately director, operations, Teesside Works, British Steel Corporation.

Mr G. Michell, architect, Michell and Partners.

Mr D. A. Moody, chairman, Moody Homes.

Mr D. C. Muirhead, chairman, Ardrossan, Saltcoats and Stevenston Enterprise Trust.

Mr P. A. G. Mullens, for services in the Welsh Industrial Development Advisory Board.

Mr A. W. K. Penhaligon, deputy chairman, north eastern region, British Gas.

Norman Platt, artistic director, Kent Opera.

Mr S. Please, for services to the World Bank.

David Pye, woodcarver.

Mr W. R. Rangeley, for services to international irrigation and drainage.

Mr A. H. Reynolds, managing director and consultant, BAT Industries (Small Business).

Peter Robeson, for services to show jumping.

Valerie Robinson, for services to hockey.

Mr J. D. Salmon, managing director, Crosfield Electronics

Mr F. D. Skidmore, consultant, Joyce Green Hospital, Dartford.

Mrs J. E. M. Smith, chairman, Spastics Society.

Mr W. G. Smyth, sales manager, Richardsons Fertilisers.

Mr B. M. Sosin, chief scientist, Marconi Communications Systems.

Mark Tully, chief of bureau, Delhi, British Broadcasting Corporation.

June Whitfield, actress.

Major D. H. Witherington, lately senior veterinary officer, The Jockey Club.

MBE

Mr M. I. Bell, engineering director, Barr & Stroud.

Mr D. Bellamy, senior health officer, Royal Sussex County Hospital.

Alfred Bestall, illustrator.

Mr F. T. Bishop, station officer, East Sussex Fire Brigade.

Miss H. Brennan, director of nursing services (acute), Brighton Health Authority.

Mr E. Briggs, technical support manager, Hatfield civil division, aircraft group, British Aerospace.

Mr R. M. Bush, operations director, Davy McKee (Poole).

Mr E. T. Curran, operations manager, Marconi Instruments.

Mr R. G. D. Dalgleish, engineering designer, Ferranti.

Mr D. de Neef, general manager, Britoil

Mr R. H. Elsender, managing director, Elsender Exports, for services to export.

Mr G. E. Errington, chief project manager, Bristol division, dynamics group, British Aerospace

Mr J. P. Gorman, works manager, Sir Alfred McAlpine & Co.

Mr R. G. Hersey, installation engineer, Marconi Radar Systems, for services to export

Mr E. G. Horwood, chairman Ellis Horwood.

Mr J. A. Jackson, manager of administration, employee relations department, British Shipbuilders

Mr R. H. Jackson, computer aided design manager, Baker Perkins

Mr A. G. Marriott, technical director, British Paper and Board Industries Federation.

Captain A. McKenzie master, Ben Line (Wm. Thomson & Co).

Mr D. G. McPherson, technical manager, Hull, Yarrow Shipbuilders.

Dick McTaggart, for services to amateur boxing in Scotland.

Ronnie Moore, for services to speedway

Alan Morley, for services to rugby football.

Mr S. A. Muntz, chairman and joint managing director, S. Murray & Co., and George Gill & Sons (Sheffield).

Mr E. H. Murray, commercial director, Cochrane & Johnson.

Mr J. Nimmo, managing director, Ideal Timber Products

Mr J. R. Ottey, lately general secretary, power groups, National Union of Mineworkers

Mr F. R. Platts, for services to the agricultural industry.

Mr J. P. Prunty, managing director, Prunty Contracts.

Mr D. L. Raffle, chief aerodynamicist, Weybridge division, aircraft group, British Aerospace.

Ray Reardon, for services to snooker.

Mrs M. M. Rose, secretary, Redcar and Catterick Racecourses.

Mr C. N. Sharp, lately chairman, Bruce Lindsay Group.

Mr A. J. Simm, lately, director, general products, moulding and primary processing, BTR Industries.

Mr J. Stokes, project director, John Laing Construction.

Mr A. Taylor, director, North Eastern Farmers.

Mr W. H. Thompson, for services to Rugby League football.

Mr L. J. Tipper, for services to the National Boat shows.

Mr M. F. Tollit, chairman and managing director, Tollit & Harvey.

Sidney Torch, for services to light music.

Mr N. A. Verrinder, director of economics and finance, British Wool Marketing Board.

Mr J. Walkerdine, chairman, William Walkerdine.

Mr J. O. Webster, chief forester, Forestry Commission.

Mr C. E. Whitfield, for services to the Wine Standards Board

Mr J. G. Wildman, divisional director, Neath Industrial Components.

Mr A. D. G. Williams, employee director, British Steel Corporation strip mill products.

Mr M. H. Wright, shipping manager, Glaxo Export.

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Telephone: 01-248 8000

Saturday June 15 1985

Test season for Lawson

THE MOST significant thing *about the UK inflation figures* released yesterday was not that the rate had risen slightly to 7 per cent but that this was below market expectations. The surge in prices may be temporary but it is a sign of how far *off-course* the Government's anti-inflation strategy has been pushed in recent months that Mr Nigel Lawson, the Chancellor, can be relieved that the figure is 7 per cent and no higher.

At the time of the last general election, after all, the annual retail inflation rate was only 3.7 per cent and there were fleeting hopes that the 5 per cent barrier had been decisively breached. The Chancellor talked of a long-term objective of price stability and more recently Mrs Thatcher has talked of 3 per cent as a reason*able target in the* next two years.

It was perhaps the hope that British inflation could be brought down and held at the West German level of 2 to 3 per cent that spurred Mr Lawson in his 1984 *budget to base his* new corporation tax regime entirely on historical-cost profits.

At present industrial profits—at least in the context of the past decade—are buoyant and companies are liquid: the combination of 7 per cent inflation and a de-indexed corporate tax base is not causing problems. *But if the inflation rate has* not improved markedly by the time of the next cyclical downturn—which may not be so very far off—industrialists may begin to object to the Government's policy of taxing illusory profits. Mr Lawson could be obliged to take a leaf out of the U.S. Treasury's book and start to tax real corporate income only: this would involve the indexation of depreciation allowances.

Unemployment

The Chancellor may count himself unlucky that the acceleration of inflation has not been accompanied by a breakthrough on unemployment. Although most economists these days are sceptical of any *long-run trade-off between infla*tion and unemployment, many believe there is a short-run relationship. The near-doubling of the inflation rate since May 1983 might have been expected to go hand-in-hand with a fall in the jobless total. In the event, the Treasury tactic of talking down the exchange rate as a means of boosting growth and improving the employment outlook went badly wrong, culminating in the January sterling crisis when the pound plunged towards $1.

The benign neglect of sterling *last year and the relaxation of* monetary policy may now look unfortunate, but the Chancellor's conviction that something had to be tried was surely correct. High unemployment becomes more serious the *longer it persists; the loss of* "human capital" is cumulative. There is no doubt that public awareness of the problem has grown: the Employment Institute and the associated Charter for Jobs may have met with a *mixed reception but the launch* itself with bipartisan support is a sign of changing times. A group of Oxford economists have also launched a new periodical and are intent on shifting the intellectual climate.

Unemployment is the central issue and ministers are well aware of it. Given their disappointment with the results of *present policies they are* bound to give more attention than they may wish to admit to the simulations of Cambridge Econometrics published this week which suggest that if the cautious reflation advocated by the Charter for Jobs were implemented, unemployment could be cut by 750.000 over five years without any *extra inflation.*

Aggregates

The Chancellor's unenviable task is not only to attempt to *reverse the present inflation* and unemployment trends in *time for* the next general election — which may be only two years away—but also to attend to a third strand of economic policy which has been unravelling of late: control of monetary aggregates. Given all the distortions it is understandable that Mr Lawson has now begun *to down play sterling M3 but* it is also somewhat extraordinary that officials are now berating markets for taking too much notice of what was once the cornerstone of the medium-term financial strategy.

The publication this week of another bulletin on monetary policy from W. Greenwell and some thoughtful contributions from other City stockbroking firms are beginning to suggest that more serious analysis of *current problems is occurring* outside rather than inside the Government. There are well-publicised differences of opinion between the Bank of England and the Treasury over the relative importance of the exchange rate *and* monetary aggregates. Ministers are reported to be impatient to end this debate and instal a new policy as soon as possible. *Certainly it will be* easier to address the problem of how to apply a tactful fiscal stimulus if the monetary fog has been cleared.

DRINKS MARKET BATTLE

Protagonists in the take-over bid: Raymond Miquel of Bell's (left) and Ernest Saunders of Guinness (right)

Why Guinness thinks it is good for Bell

By John Makinson

ALL THIS week Arthur Bell, *the scotch whisky* distiller, has been entertaining its friends on a converted barge moored within a stone's throw of the Houses of Parliament.

The company has *shared a wee glass of the amber with* politicians from across the river, scribes from Fleet Street and customers from all over London.

Yesterday morning at 9.30 the acquaintances made and renewed on the barge Hydrogen took on a special significance. Bell found itself on the receiving end of a hostile bid from Guinness, the international brewing group, and suddenly needed all the *friends* it could find.

On Thursday afternoon, Mr Ernest Saunders, the chief *executive of Guinness,* was travelling back from a meeting in Edinburgh at which he had been reviewing with Scottish shareholders the company's interim results announced earlier in the week. His eye was *caught by a sharp and inexplic*able upward movement in the Arthur Bell share price.

On his arrival at Heathrow, Mr Saunders called an impromptu board meeting. At 9.15 that evening, the board *agreed to make an offer for* Bell which valued the company at £347.2m.

On Wednesday, Mr Raymond Miquel, the chairman of Arthur Bell, left for Chicago on a business trip. Yesterday morning, at 1.30 local time, he was woken in his hotel room by news of the Guinness bid. His response was characteristically direct. "I *think this is an extraordinary* offer. The terms are certainly inadequate and I see no logic in it. I don't see any reason why this fellow Saunders should even think of coming in here." Battle had been joined.

The Guinness bid is the biggest challenge of Mr Miquel's career. Now 53, he has been with Bell all his working life *and over the past decade* has guided the company from pre-tax profits of £3m to profits of over £35m. He has never made any secret of his ardent wish to keep Arthur Bell independent and can be counted upon to fight the bid tooth and claw.

The outcome of the takeover attempt is scarcely any less important to Mr Saunders. Since *his arrival from Nestle* four years ago, the new chief executive has tidied up an extraordinarily disparate portfolio of businesses and substantially reduced the cost base of the brewing operations. In those *four years profis have grown* from £41.8m to £70.4m.

No one in the City has been in much doubt that Mr Saunders and his team would soon be chasing a big acquisition. Success with Arthur Bell would *not only be viewed as a vote of* confidence in the management action of the past few years; it would set the company on the road to becoming an important force in the international branded products industry.

Bell and Guinness are in many respects similar businesses. Both are mavericks within their own industry, regarded by their giant competitors as pushy and a touch idiosyncratic. Neither company has a tied estate of public houses or a wide range of high-selling products. Despite his Scottish upbringing, Mr *Miquel would feel no more at* home in the chambers of the Scotch Whisky Association that Mr Saunders would be over dinner at the Brewers Society.

The two companies have a common problem: the maturity of the market for their staple *product. Just as the fashion* for wine and white spirits has sapped the traditional market for scotch, the increasing popularity of lager has eroded the position of the heavy Guinness stout. Both companies have worked strenuously to buck the trend and, to their credit, have continued to show growth in both sales and profits. But *neither scotch nor Guinness is* perceived as a product with high growth potential.

Both Bell and Guinness have searched out extra growth through diversification. As long ago as 1975, Arthur Bell bought *into the glass bottling business* through the acquisition of Canning Town, one of the four principal companies in the industry.

Early last year, Bell launched a wily and ultimately successful £27m *bid for Gleneagles, which* owns the prestigious Gleneagles Hotel in Perthshire, two hotels in Edinburgh and the Piccadilly Hotel in London.

Since then, the company has been examining ways of building up its hotel operations, not least in the U.S., and of investing the cash generated by whisky manufacturing in other growth areas. The company is believed, for example, to have considered buying Wilson Sporting Goods, the Pepsico subsidiary which was sold last month for around $150m.

Guinness had a disastrous track-record of diversification in the 1960s and 1970s, which Mr Saunders and his colleagues set about correcting. The new management has either shut or sold 150 operating companies in the past three years, withdrawing from businesses as diverse as film finance and babies' wear.

The group has now identified four areas of activity: brewing, retailing, *health* products and publishing. The brewing business *is still by far* the largest. The division accounted for 85 per cent of trading profits in the six months to March.

> The two companies have a *common* problem: the maturity of the market for their staple product

But Guinness is rapidly diversifying its brewing interests, pushing into the U.S. and West German markets with *a range of imported products:* It has made an entry into the health business through the acquisition of the Champneys health spas and a company manufacturing vitamin pills and dietary products.

Its most significant thrust to date has been in retailing. Last year Guinness outbid W. H. Smith to gain control of Martin the Newsagent for £47m, while only this week it consolidated its position as the largest newsagent *in the country by acquir*ing the Lewis Meeson chain for £10m. As if all that were not enough, Guinness has found time to buy into the imported food market in the U.S. and the convenience store sector in the UK. The bid for Arthur Bell, however, dwarfs anything that Mr Saunders has attempted to date.

The bid brings together two of the most independent and forceful personalities in the drinks industry. Raymond *Miquel* has a reputation as a powerful and sometimes autocratic chairman who works from dawn to dusk and expects his colleagues to do the same.

In criticising the Saunders style of management yesterday, Mr Miquel asserted that "one *man can't run a company.*" That remark would draw wry smiles at his head office in Perth.

Photographs of the chairman, frequently dressed in shorts and running shoes, pop up all over the company's report and *accounts.*

While not universally liked, he is generally recognised as the most successful figure in the scotch whisky industry over the past decade. If Distillers, the world market leader, has a *reputation for sleepiness.* Raymond Miquel most certainly does not.

While Ernest Saunders would be no match for the chairman of Arthur Bell in a marathon, he should keep pace with him over the length of a takeover bid. He gained experience of acquisitions during his time at the Beecham Group and Nestle, where he established a reputation for imaginative consumer marketing. Altogether a more suave and polished figure than *Mr Miquel—he operates from* distinctly opulent offices in Portman Square—Mr Saunders is none the less a tough and determined manager.

Mr Saunders can be relied upon to play the marketing card *for all it is worth. Between* 1974 and 1980, Bell's increased its share of the UK Scotch whisky market from around 16 per cent to 25 per cent. Since then it has fallen back to 20 per cent. The Bell's slide, Mr Saunders *argues, results from* its failure to develop an attractive consumer image.

"What is a Bell's advertisement?" he asks. "A bottle of whisky with the slogan 'Afore ye go' along the bottom." He *ontrasts the Bells image with* Famous Grouse, the Highland Distilleries brand, which has eaten away at Bell's share of the premium brand market. "What Famous Grouse has done," Mr Saunders argues, "is *project the product.*"

He points to his own company's success in revitalising the Guinness brand over the past two years. The group has launched an intensive advertising campaign designed to win *younger and more affluent* drinkers to the Guinness product. "We have found ways," he says, "to get new users for Guinness." Mr Saunders also believes that he can improve Bell's position in the more rapidly growing market for malt whisky. Bells has been less successful than some of its competitors in penetrating the top end of the whisky market.

Above all, he is confident of improving Bell's performance in export *markets.* Guinness points out that Bell's has not much over 4 per cent of the export market for scotch and still sells more than half its produce in the UK. Guinness is currently increasing its sales of imported beer in the U.S. market by around 30 per cent a year—twice as fast as the market average—and hopes to use its existing sales and marketing team to push the Bell's product.

There is some justice in the Guinness arguments. Bell's has traditionally set great store by *its relations with the licensed* trade. It scored great successes in the 1970s by cultivating retail customers in order to push its product into pubs and off-licences. The group has not neglected direct advertising and sales *promotion*—the Bell's football manager of the month award is a much imitated success—but the emphasis has been on personal contact.

But Bell's will not be short of ammunition to fire back. It is almost *without question* the most efficient producer of scotch whisky in the industry, and while its share price has taken a knock in the past year, it can point to a consistent and impressive record of rising *profits.*

Despite the recent loss of market share, Bell's is by a considerable margin the best-selling scotch in the UK—Teacher's is next with around 15 pe rcent—and the group's efforts to *penetrate the U.S. market may* soon be crowned with some success. Last year, the company acquired its own distribution business in the U.S., Wellington Importers, and is *now* pursuing the sort of *strategy which* Guinness itself would endorse.

Yesterday, Mr Miquel was quick to point out Guinness's lack of familiarity with the scotch whisky market and the relatively short track-record of *its management.* "You have to decide," he said, "whether a decade of steady growthis better than one year of growth. What industry needs is that steady growth and the depth of management which we possess."

Bell's can *also be expected* to argue that the takeover would be damaging to Scottish interests. In 1981 Hiram Walker, the Canadian drinks company, was prevented by the Monopolies Commission from buying Highland Distilleries. The need to preserve independent Scottish companies was one argument which the commission used to support its conclusions.

But competition policy has become much more liberal in the past four years and there is certainly no guarantee that Bell's could rely on the Monopolies Commission for its independence. Nor can Bells necessarily rely on its sizeable Scottish shareholders—General Accident alone owns 11 per cent of the company.

So Mr Miquel and his colleagues have a fight on their hands.

Bell's advertising carries the *message: "Established in 1825* and still an independent company." The next two months will show whether that boast can be sustained.

Man in the News

Ron Todd

Second chance for a deft operator

By Philip Bassett

THE TRANSPORT and General Workers' Union has had only six leaders *in its* 63-year history. No-one has become leader twice—until today.

Barring accidents—which would mark an enormous failure in the union's fever-pitched system of informal communications—Mr Ron Todd, the TGWU's national organiser, will again be declared general secretary *this afternoon.*

Almost exactly 1' months ago, TGWU leaders assembled in the *union's stern, grand boardroom* at the top of Transport House, a stone's throw fro mthe House of ommons, to announce Mr Todd's succession to Mr Moss Evans, the union's outgoing leader.

Since then, the union has been through a kind of hell the like of which few organisations, let alone trade unions, imagine in their wildest nightmares: proven ballot-rigging, fraud squad investigations, officials dismissed, legal action, libel cases, media scrutiny, independent inquiry, 799 votes written by one hand, public ridicule, government concern and a re-run ballot.

So extraordinary has been this chain of events that even the most astonishing incidents go virtually unremarked, such as Mr Evans *admitting publicly* of the TGWU last week: "The leadership over the last decade has been so shambolic that we could not have run a conspiracy."

Through all this, Mr Todd has picked his way deftly and carefully enough to infuriate—and impress—his opponents both within the *TGWU and out*side it. The latter include the electricians' union, the EETPU, and the engineering workers' union, the AUEW, which have actively supported his rival, Mr George Wright, the union's Wales regional *secretary.* Mr Todd's deftness has justified those in the TGWU and the higher reaches of the TUC and Whitehall, ho saw in him the only contender for the job who could marshall all the qualities *felt necessary to restore* the TGWU to an even keel.

"Ron's not perfect," said one TGWU official yesterday. "But he is a man of considerable ability—and he's shown that in all this."

Mr Todd has come up *through one of the TGWU's* hard schools: Ford. After a spell as a Marine commando, Walthamstow-born Mr Todd, 58, started working for the company in 1954 and, after rising to deputy convenor at *Dagenham, became a full-time* TGWU officer eight years later.

Moving up in the union's difficult No 1 Region, covering London and the South-east and dominated by the left and especially the Communist *Party,* Mr Todd *became* regional secretary in 1976 and stepped into Mr Evans's shoes two years later when he was elected from national organiser, fourth in the TGWU's hierarchy, to the general secretary*ship.*

The differences between Mr Todd and Mr Wright are real enough: Mr Wright is more autocratic, Mr Todd more consultative; Mr Wright is more moderate, Mr Todd more openly left-wing. Neither has *a magic formula for setting the* TGWU (and with it, to some extent, the labour movement generally) to rights.

The TGWU, battered by unemployment, its membership cut by 500,000 to 1.5m, its *organisational strength reduced* by the decline in shop steward power, and its place of prominence in the corporate state long gone, last year presented members in the leadership election with a crucial choice to *stop the rot.* If that was the case then, how much more so now: a further 60,000 members gone, such authority as it had lost even further in the perceived shambles of the first ballot.

Change in the union dominated the first vote, with Mr Wright's passionate advocacy of change capturing the high ground of the argument. It didn't last, because the argument didn't: the ballot-rigging row forced it off the agenda for *the repeat election (though one* characteristic of the second vote, exemplified in the lower turnout, was the lack of virtually any issue, other than, perhaps, membership boredom).

It must now return as Mr Todd's central task. Mr Wright was seen, with some justification, as the more strategic thinker, more ready with solutions to the problems facing the TGWU and the unions generally. In his period as general secretary-elect, Mr Todd stole some of his clothes: he won approval from the union's executive, for instance, for an important computerisation pilot project in the TGWU's north-east region, which if successful, will be extended throughout the union.

Mr Wright was seen as an adherent of what came to be known as the TUC's "new realism," though neither he nor Mr Todd accepted the left's simplistic view of that as meaning striking deals with the Government. Both saw it as redefining and revitalising the unions' relationship with their members. Mr Todd's *national* position, and particularly his role as the TGWU's principal co-ordinator with the miners' *union during the coal strike,* provided him with the opportunity of articulating publicly that view: "Don't pretend that we have got any army out there, straining at the leash—because we haven't," he told a TUC rally towards the end of the strike. "You can't make a

That realism cut both ways: it subjected Mr Todd to more abuse from frustrated, disappointed left-wing activists than a left-wing leader of a left-wing union would expect. He has given indications of a more pragmatic line towards the Government's labour laws in the wake of a £200,000 fine against *the TGWU for failing to hold* a strike ballot in last year's Austin Rover pay dispute.

Change might, in any case, have been *difficult* for Mr Wright to have effected: the mechanism for change has to be the union's executive council, which was hostile to Mr Wright even before many of its members blamed him for the *balloting row.* "*Ron will be* able to win the executive for change," one of his key supporters said yesterday, and he may.

Mr Todd will stand up to the executive; but one of the points *about his election—the mandate* it gives him, and the type of candidate he is—is that, mostly, he won't need to.

The TGWU election wrangle may be problematic for the wider union movement—raising the prospect of more union legislation—but for the TGWU the events of the past few months may have been cathartic. *They* may have revived the "broad, progressive consensus" which has historically been the TGWU's hallmark, but which even its most fervent adherents in the union acknowledge has been strained by industrial change, *Thatcherism* and the ballot row.

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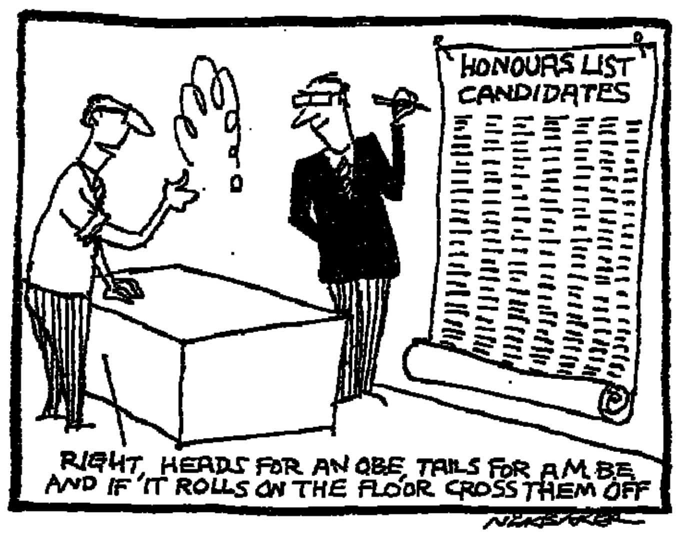
HONOURS IN BRITAIN

How to get on to the list

By Sue Cameron



A MAN once went to Buckingham Palace to receive an OBE and was asked by the Queen what he did. He replied that he was an economist—at which Her Majesty looked slightly startled and remarked: "Ah, well, I suppose it takes all sorts."

The economist in question, who was also a civil servant, was puzzled and not a little hurt at this. Later he made discreet inquiries. It turned out he had mumbled his answer, and his Sovereign had understood him to say he was a communist.

Today the latest Birthday Honours List is published. Some 670 people have been awarded honours of the Order of the British Empire — founded in 1917 — while a further 223 have been given the British Empire Medal, an "other ranks" honour, although some civil servants reckon a BEM can give more pleasure to individuals and their communities than any number of semi-automatic knighthoods.

On top of the straightforward civilian awards come honours for the military. In the last New Year Honours List, the military accounted for over 20 per cent—200 out of a total of around 1,250—of all the awards given.

The Foreign Office has its own share of honours—around 10 per cent in the New Year—to bestow on diplomats and those who have served Britain overseas.

Do those whose names appear on the Honours Lists represent "all sorts" of people who have given outstanding service to the community? Or are certain sorts—notably civil servants, diplomats, military men and clean-nosed but otherwise unremarkable back-bench MPs—more likely to be honoured than most? Who draws up the lists? And how do they decide who should be honoured.

In theory, all honours flow from the Queen. In practice everything is channelled through Number 10 Downing Street, which boasts its own patronage secretary. The Prime Minister, usually in consultation with the Chief Whip and the chairman of the Conservative Party, decides who shall be honoured for political services—50 political honours per list is par for the course under the Thatcher administration. The Prime Minister also wields great influence over the rest of the list. But the real nuts and bolts of the honours machine is controlled by Whitehall.

Each Government department has a rough-and-ready quota for each category of honour. And it is responsible for putting forward names from the sectors which come under its aegis.

Some names go down on departmental lists automatically. All permanent secretaries are given knighthoods. The same goes for senior judges, generals and ambassadors. The chairmen of certain quangos—quasi autonomous government organisations—and of the state industries are also guaranteed a "K," as its known in the trade. Less senior figures are also assured of honours—though at a slightly lower level. They will be put down for a CBE (Commander of the Order of the British Empire) or perhaps an OBE (Officer).

"Whitehall's motivation isn't always above reproach when it comes to honours," said one civil servant. "People outside the system don't realise how the Civil Service uses it to reward certain individuals and to compensate others whom it has failed to promote or appoint.

The number of automatic honours that are given appears to be increasing. If the chairman of a particular body is given a knighthood then his successor will have high hopes of one too.

"Most departments have only a handful of slots in each grade by the time they've put down all their automatics," said one MP. "I had a constituent who had given almost 40 years of council service, serving on everything from the parish to the county council. He deserved an honour. But he was dead before I could get him one."

Senior civil servants admit that the real weakness of the present system lies in the number of people who are not considered.

"The vast majority of people who are given honours deserve them, even if some are automatic," said one official firmly. "The real shortcoming is that there are hundreds of people out there who are equally deserving—if not more so—and who are never even considered because the machine hasn't heard of them.

"One reason for this is that the whole thing is shrouded in spurious mystery. There's even a special classification for all the relevant documents—'Honours—In Confidence'."

Whitehall has its own unwritten rules for drawing up lists. Age and length of service are important criteria as is an absence of skeletons in the cupboard.

Balance and overall Government policy can also be factors. If the Government is trying to encourage a particular industry, then civil servants are more likely to give honours to the people in it.

On the other hand, if one sector has done particularly well out of recent honours, they may feel it is time to give people in another area a chance.

Once officials lower down the line have compiled a list of honours recommendations, it goes to the Department's permanent secretary. It is at this point that the politicians sometime interfere—or try to.

"If you're bidding for three K's you'll actually put down four or five names," said one former civil servant. "The ones at the bottom won't get it this time round though they might next time. But a Minister might say he wants C and D at the top of the list instead of A and B. A really determined Minister can probably get his way though it might take him some time."

The recommendations are eventually discussed at a group meeting of Whitehall's permanent secretaries—and it is here that the important decisions are taken. A key figure is Sir Robert Armstrong, Secretary to the Cabinet and head of the Home Civil Service.

Meanwhile, the Prime Minister will have drawn up her list of political honours.

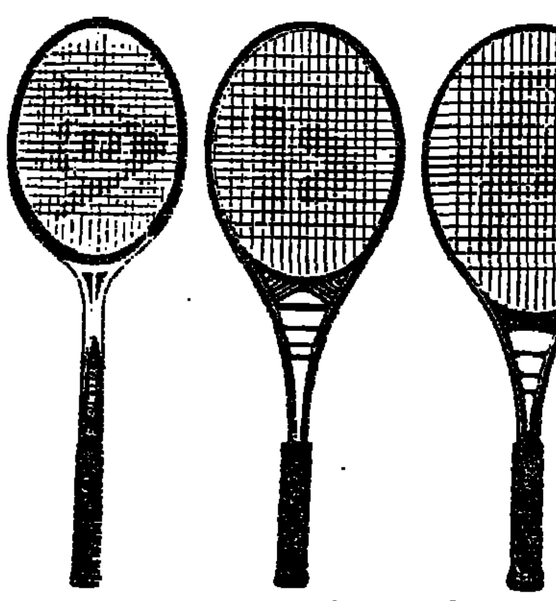
Perhaps the biggest plus point about the honours system is that it does not cost the Government a penny. Despite this, an analysis of the number of honours given over the past 15 years suggests that Mrs Thatcher has ordained a cut of some 6 to 7 per cent. Like Elizabeth I, who was quick to spot the benefits of carefully rationed but highly-valued and cost-free honours, Mrs Thatcher may be afraid of devaluing the currency. Others say she is just miserly by nature.

Mrs Thatcher's recommendations are looked at by the political scrutiny committee, composed of Lords Shackleton, Carr and Franks. Their job is to ensure that everything is above board—although the existence of a scrutiny committee did not prevent a public furore over Sir Harold Wilson's resignation Honours List when he gave up the Premiership.

There had not been such a fuss since the 1920s when the then Prime Minister, David Lloyd George, was found to have been auctioning off honours in return for massive contributions to Liberal Party funds. (Donations to party funds or to charities can still be repaid with honours today provided the sums are large enough and are paid discreetly over a period.) Sir Harold's resignation honours brought accusations that he had ignored socialist worthies and was merely rewarding his friends. But at the time, Lady Falkender, his former political secretary, denounced the criticism as "sanctimonious protest by the unimaginative half of the Establishment on their own behalf."

Members of the Establishment can certainly rely on a lion's share of honours—albeit well deserved—and perhaps this is why Honours Lists sometimes appear unimaginative. As one civil servant, looking back, remarked: "Harold Wilson's real crime was that he ignored every precept on which the Whitehall honours machine is based."

The tennis business



Different head sizes for rackets

The wooden racket is out of court

By Feona McEwan

ANYONE for tennis these days who hasn't done battle on court for three years or more is in for a shock. The game looks quite different. And the weapon ain't what it used to be: tennis rackets have been redesigned.

A quiet revolution has been reshaping the game over the last five years. And next week Wimbledon will show it to be universal. Scarcely a player in the place will be wielding a wooden racket of conventional size. About 95 per cent will be murdering the balls with rackets cut in some form of graphite with mid-size heads. In 1983 the figure was 50 per cent.

Rackets used to be made of wood laminate and glue and that was that. The name on the label was Dunlop or Slazenger. Now it's more likely to be a ski manufacturers' name, at the quality end, continental in flavour, mostly made in Taiwan—the world's top frame producer — and refashioned in space-age materials such as boron, Kevlar, ceramic or graphite.

Wood is moribund—Dunlop/Slazenger hasn't used it for a year now — nailed firmly in its coffin by newer, lighter, tougher successors. Exceptions are Argentina and Japan where wood is still popular. Graphite is the buzz-word and mid-head is all the rage. Sweet spots (those central points of optimum response) have never, say the experts, been sweeter. The modern racket is thinner, lighter and bigger than its ancestors.

With the accent strictly on high-tech, tennis racket manufacturers are in the construction business. Selling points revolve round mysteries like perimeter weighting systems, increased density stringing, lateral stability construction and the size of that all-powerful sweet spot. Wilson, the U.S. manufacturer newly taken over from Pepsico by Wesray Corporation, talks of making precision instruments, like Sony or BMW, the models being computer-engineered and given a six-month test "drive" before launch.

In the tireless search for the ultimate weapon (one that's better, more powerful, responsive), to make a hard game easier and to keep them in business, there seems no end to manufacturers' ingenuity. We've had the pink and the yellow rackets (white sells well on the Continent, though they don't shift in the UK), the 45 degree head, the bent handle. Should weather conditions or attitude threaten to wreck a winning streak, meet the adjustable string tuning racket from Fischer. And the Japanese, never far away from a good commercial idea, have entered the UK market. For the first time, Mizuno, a golfing name, has arrived at Lillywhites.

Of course the spur is survival. In an oversold market in which Europe finds itself, with more makers than takers, manufacturers have moved into the fashion trade more than ever.

The off-court battle for market share is every inch as fierce as any on-court clash. Total UK "quality" market, that is £50-plus per unit is about 500,000 rackets, totalling £18m—double that if including children's toy rackets; European market is about 1.65m quality rackets and double that in total. No-one reveals figures. Where we were once lucky to get a new racket every four years or so from a manufacturer, new designs, like cars, come off the production lines almost every year. Head, for instance, which claims to have introduced the mid-head racket, boasts eight new models this year alone.

Lessons have been learned from the Dunlop/Slazenger era when, in the monopolistic heyday of the 60s and early 70s, they were not forced to innovate. Lack of production development made them and other UK names like Gray and Cleaves, vulnerable to overseas ingenuity—metal from Lacoste and Wilson and later the graphite composites from the Continent.

It was the tennis boom in America, the world trend-setter, that changed things. At its peak in 1977 when some 35m players were active, eyes looked east to satisfy demand (some 9m frames were imported then from Taiwan). Metal frames happened. When the U.S. market subsided — today the numbers are halved — it was Europe's turn. The surge was led by ski manufacturers such as Donnay, Fischer and Vogal, who applied their technologies in lighter synthetic composite construction to tennis rackets. The result was playing qualities that were undreamed of 10 years earlier.

With technology the thrust of racket marketing today, three of the main considerations in consumer choice are shape, size and material.

In size, the trend is firmly to the mid-size head, which averages 90 sq in (that is, 20 to 30 per cent larger than the conventional head) which is reckoned to account for 85 per cent of the UK quality market. 10 per cent of the nation's 2m regular players use metal and 5 per cent use wood. "Mid-head offers the best balance between power and optimised sweet spot," says Brian Hemingway of Wilson. "I think one of the greatest advances in the racket market for years is the mid-head," says Tony Spurling of Intersport, the independent retail co-operative. The majority of plays find it benefits their game instantly."

The oversize racket, which can be anything up to 125 sq in, most of which is "live" surface, was pioneered and market-led by Prince, the U.S. maker.

Head shapes vary from conventional rounded to oval, tear-drop and squared off oval (strong in Germany) all offering different sweet spots.

Composition in rackets varies enormously. It is mainly a mixture of graphite with fibre-glass in varying degrees depending on preferred qualities. The more graphite the stronger, but more brittle. At the top end, pricey materials such as boron (10 times more expensive than graphite) and Kevlar, which is used in bullet-proof vests and windsurfers, offer strength and lightness, which deflect vibration from the body thus reducing threat of dreaded tennis elbow.

Players around the world, asked their reasons for switching rackets in a recent American survey listed the following: a bigger playing surface (76 per cent) better control, more power (46 per cent) and professional endorsement (7 per cent).

So just how valuable is celebrity endorsement to a manufacturer? It's difficult to quantify and opinions vary. "Only McEnroe can sell rackets," says Mr Graham, distributor of Head. Dunlop reports selling about 400,000 of the Max 200G, which McEnroe uses (a unique patented injection-moulded frame, lowly strung) in its five year existence.

Yet there is little discernible effect from the endorsement by Ivan Lendl, world number two on the Adidas racket he uses. Tony Spurling of Intersport believes that while consumers are influenced by the racket they see players using, they shy away from garish endorsements on the rackets themselves, such as all-over signature (as Adidas uses). "When Maxply did this with the Maxply McEnroe it was disastrous," he says. "And yet the Max 200G which is more discreetly marked is so successful."

Donnay UK, which still uses Bjorn Borg, says tht during his heiday the most important thing about a racket was the player who used it. This is mainly true in the Far East. But Danay is in no doubt that it sells more rackets with Borg's approval than without it. "Borg was a one-off. He behaved well, was good for the game and had a superb image, popular with grannies and teenagers alike." Some of today's more temperamental top players, the company considers, can be "a very expensive liability."

Letters to the Editor

Obsession with secrecy

From Mr N. Baker, MP

Sir, — The article by Max Wilkinson (An obsession with secrecy, June 7) describes, a little ungratefully as it seems to me, the efforts to make sure that he and other journalists received a copy of the Green Paper on the reform of social security in advance of Parliament and everyone else so as to enable journalists to write articles about it in the editions of their newspapers on the day after Mr Norman Fowler's statement in the House of Commons.

While the procedure he describes certainly sounds melodramatic, it is hardly relevant to the question of how open the Government is or ought to be in its policy of encouraging public discussion of policy options.

I am one of those who has pressed for more open discussion of policy options, and to be fair the Government has gone much further than its predecessors in encouraging this.

There is one stage, however, for which secrecy is essential and that is the stage at which policies are discussed and argued about by Ministers or Cabinet where disagreements are ventilated. Largely because of the way in which discussions are personalised and trivialised by some of the media, it is not possible for discussions of this kind to be uninhibited and therefore valuable and at the same time conducted in the full glare of publicity. Publicity today too often distorts and misrepresents rather than informs.

Recently the habit among some public servants of leaking documents and parts of these discussions to the media have increased; this has damaged both the ability of ministerial departments to engage in full debates internally as well as the democratic process as a whole.

In the face of this development it is not surprising that any Government tries to maintain the confidentiality of its own discussions. Provided that the House of Commons is able to debate and consider the options and question Ministers, then our fragile system can work.

But to return to the relationship between the Government and the media which is the subject of Mr Wilkinson's article. Why is it necessary for the Press to be given advance copies of documents such as the Green Paper at all? There is, of course, the desire on the part of the Press to produce instant opinions on the subject in question and on the part of the Government to influence those opinions. I question whether either is desirable or necessary.

Perhaps it would be in the interests of objective comment and lengthy analysis and discussion that the Press are treated like anyone else and given copies of such documents at the same time as Members of Parliament.

Nicholas Baker.
House of Commons, SW1.

Playing bingo by law

From Mr R. Nottage.

Sir,—May I add a footnote to Anthony Harris's excellent article "Will pensioners be freed or robbed?" (June 8) by recalling that Britain has already tried out personal portable pensions of the kind now proposed in the Fowler Green Paper. The outcome, alas, was far from encouraging.

The earlier scheme was the federated superannuation system for universities (FSSU). It started in 1913 and required employers to contribute 10 per cent of salary and employees 5 per cent. These contributions were applied to the payment of premiums on life assurance or annuity policies taken out on behalf of individual employees. Such policies, with a number of detailed variations, were offered by 14 life assurance companies, and each employee chose the policy he thought would suit him best.

By the 1950s when the policies were maturing, their proceeds failed to reach the levels expected of them. In 1953 the universities introduced a scheme for the alleviation of hardship to provide additional pensions for those teachers whose FSSU benefits fell below a certain level. Throughout the 1950s and 1960s about 80 per cent of retired university teachers qualified for assistance.

In 1960 a revised scheme for supplementation of superannuation benefits was brought in for university staffs, the cost being borne by the Exchequer. In the 1970s FSSU was superseded by a terminal salary scheme operated through a self-administered fund managed by and for the majority of university institutions.

To return to Mr Harris's question, the much vaunted freedom for the new contributor will be the obligation to choose from a range of life assurance/pension schemes, all based on speculative calculations. In short, he will play bingo by law.

As for robbing the pensioner, the FSSU story suggests that personal pensions based on 4 per cent of income will be miniscule over much of the retirement period they are due to cover. The potentially catastrophic effects of inflation aside, a large part of so small an annual contribution must be absorbed by the cost of the detailed administration involved and salesmen's commissions. All in all, then, a pretty poor deal by any reckoning.

Raymond Nottage,
36e Arkwright Road, NW3.

Sir Christopher Wren could be sued-in theory

From Mr N. Paddick

Sir,—The letter from John Parris (May 29) in response to one by Raymond Cecil, provokes this third point of view.

The fact that in theory C. Wren Ltd could be sued today for latent defects at St Pauls Cathedral, emphasises the most unsatisfactory state of existing law.

The discovery of latent building defects that call for expensive repairs, or even demolition of a relatively new building are a growing cause of concern amongst property owners and tenants subject to repairing leases. My company has put the cost at over £2.2bn during the next decade in respect of non-residential property alone. This figure does not take into account possible future inflation.

Resorting to litigation is a very costly, time consuming business with no guarantee of eventual success. Proving negligence is rarely easy in these cases and many plaintiffs end up with a massive legal bill in addition to being in possession of a building that has deteriorated further, after perhaps five, six or more years battling through the courts. Plaintiffs fortunate enough to win an action often find collecting the damages and costs awarded another matter. You can't get blood out of a stone or a liquidated company.

Those who do obtain payment, are usually paid by the professional's insurers, either before or after resorting to litigation (where there is no prospect of successfully defending an action—and there usually is—insurers of course settle out of court). If it were not for such insurance being available litigation would be a purely academic exercise.

The professional indemnity insurance market is shrinking rapidly due to dreadful loss ratios. Many once leading underwriters have pulled out completely, those remaining are increasing rates sharply.

Many architects and other building professionals can no longer afford to pay such high premiums. With no cut off point for their liability a fixed number of years following practical completion of a building project, they are faced with the prospect of maintaining insurance for ever, into retirement and beyond. In fact they could actually end up paying more in premiums than they earned from projects. With this in mind it is not surprising to see limited companies being formed and assets transferred to wives, etc, who can blame them?

Employers who insist that architects and other professionals have professional indemnity insurance in contract conditions and that the policies are renewed annually thereafter, could well find that the cover is no longer available in future, or an individual professional (or practice) is not granted renewal of policies due to poor claims experience, etc, presumably under such circumstances the doctrine of frustration would discharge them from the obligation.

The insurance market is prepared to issue 10 year policies covering building projects, for a "once off" premium, covering any or all of the professionals involved on a project (thus avoiding joining-in complications, etc.), Furthermore, in addition to providing this cover in respect of legal liabilities, material damage insurance is also available on new projects, whereby a claim is paid without the need to prove responsibility or engage in litigation.

Although the Lord Chancellor invited the Law Reform Committee to consider this important subject as long ago as 1980, its report issued a few months ago is very ambiguous.

In my opinion limitation of action in respect of latest building defects should be six years following discovery of such within the 10 years following practical completion.

Andrew N. Paddick,
Wigglesworth (Insurance),
69, Southwark Bridge Road, SE1

Learning Japanese

From Mr A. Head.

Sir,—Readers of Carla Rapoport's article "Learning to speak Japanese" (May 25) may have been discouraged from approaching the language by the obvious difficulties she is having with it. Let me reassure potential learners that the language is not nearly as intractable, intransigent, ambiguous, bland, incomprehensible, misleading or difficult as Ms Rapaport would have us believe.

Neither is it right that the attitude of most foreigners living and working in Japan to learning Japanese is "forget it" nor sense in the advice "so do not even try."

Ms Rapoport sees the Japanese as "inscrutable" not just to "the West" but to "each other" and the language as perfectly suited to this characteristic. It is true that the Japanese are generally more considerate of each others feelings than, say the British, that Japanese embodies a higher degree of what one might call politeness than English, and that discourse is often less direct—meaning is often implicitly rather than overtly conveyed.

But to claim that "when a Japanese meets another Japanese he uses language which is wildly ambiguous or bland because he does not want to offend" is to overstate. I have yet to meet the native Englishman who could not avail himself of evasive or obsequious language when it suited his purpose; and Japanese has a storehouse of offensive terminology

Japanese, like many other languages, has several words of identical, or almost identical, sounds with different meanings, the example most often cited being "hashi"—which could mean chopsticks, bridge, edge or border and bill or beak. Just as with the English right, write, rite and wright, the meaning is almost invariably clear from the context.

Just as these English words are spelt differently, so the Japanese are written with different characters—on paper there is no possibility of confusion.

For her feeling that Japanese script is a barrier to foreigners one can summon a little sympathy. Japanese has three component scripts. Of these two are not so much alphabets as characters representing all the available sounds in Japanese.

"Will I ever learn Japanese?" inquires Ms Rapoport half-heartedly. The answer is the same for any language and any student—if one is determined, conscientious and patient.

Anthony Head,
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1-7-1, Nishishinjuku,
Shinjuku, Tokyo.

BUILDING SOCIETY RATES

	Share	Sub'pn	Others	
Abbey National	8.25	9.25	9.52	Seven-day account
			10.75	Higher interest acc. 90 days' notice or charge
			7.00/9.52/10.00	Cheque-Save
			11.00	High rate bondshare. £10,000 minimum
Aid to Thrift	9.80	—	—	Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00	BankSave. Balance of £2,500. Current account. Bal. under £2,500, 9.00. Min. initial inv. £500
			10.00	Gold account. Minimum invest. £500. Imm. wdl.
Anglia	8.25	9.25	10.00	Instant gold. Annual int. No notice or penalty
			10.75	3-yr. bd. 90 days' not./pen. Diff. 2.5 guaranteed
			11.00	Capital plus £10,000+. Ann. int. 60 dys.' nt./pn.
Barnsley	8.25	10.00	10.50	2-year termshare—3 months' notice
			10.10	Spec. inv. (28 days' not.) 10.10 mthly. inc. a/c
Bradford and Bingley	8.25	9.25	10.00	No notice, no penalty. £1,000+
			11.00	3 months' notice without penalty. £5,000+
Bristol and West	8.25	9.25	9.75	Plus a/c £1,000+. No notice. No penalty
			10.30	£20,000+, 10.10 £5,000+, 9.90 £1,000+ 7-day notice triple bonus. Also monthly income
Britannia	8.25	9.25	10.80	90 days' notice
Cardiff	9.75	9.85	10.25	90 days' not. Penalty if balance under £10,000
Catholic	8.55	9.55	10.05	Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Guaranteed rate 2/3 yrs. (or variable account)
Chelsea	8.25	9.25	11.10	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.75	Gold. No notice. No penalties. £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00	7 dys., 10.00 1 mth., 10.25 2 mths., 10.85 3 mths.
City of London (The)	8.50	9.75	10.25	3 months' notice—no penalty—monthly income
			9.95	7 days' not. im. access for amounts over £5,000
Coventry	8.25	9.50	10.50	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 10.30 £20,000+, 10.05 £5,000+, 9.75 £1,000+ monthly inc. opt.
Derbyshire	8.25	9.50	10.75	2 yrs., 3 m. not. Up to 10.00 no notice, no pen.
Gateway	8.25	9.25	10.03	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+, 10.50 if added to account
Greenwich	8.25	—	10.80	90-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.85	6 m. not. £1,000 min. Access to bal. £10,000+
Halifax	8.25	9.25	9.75	Instant Xtra. Immediate withdrawal no penalty
			10.75	90-day Xtra, 90 days' not. no pen. (£500 min.)
			10.60	Prem. Xtra (£10,000 min.) g'td 2pc diff. 3 yrs.
Heart of England	8.25	9.50	10.00	90-day notice, 9.50 5-day notice, 10.75 1-yr. bond
Hemel Hempstead	8.25	9.75	10.50	90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10	7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.80	1-yr. certain min. £500 monthly income £5,000
Lambeth	8.40	9.50	9.90	7-d. a/c. 10.85 Magnum a/c 6 wks.+loss of int.
Leamington Spa	8.35	—	10.50	Super share, no not., 14 days' pen. £2,000 min.
			11.10	Super share, no not., 14 days' pen. £5,000 min.
			11.40	Super share, no not., 14 days' pen. £20,000 min.
			10.50	High flyer, no notice, no pen., £5,000 minimum
Leeds and Holbeck	8.25	10.00	10.75	Monthly int., 10.25 28 days' not., 10.50 90 days' not. or pen., neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75	Ltd. edition £10,000 3 mth.'s not. or 90-day pen.
			10.25	HRAS 3 mths.' not., 10.00 Liq. Gold no not./pn.
Leicester	8.25	9.25	9.60	£500+ immediate withdrawal no penalty, 10.75 £10,000+ min. 1 yr., 10.25 £2,000+ min. 1 yr.
London Permanent	8.75	—	10.25	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	8.25	—	10.50	2-yr. term. 2.25% differential guaranteed. 3 months' notice or penalty
Mornington	9.80	8.25	9.80	£2K. 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	†8.55	9.80	10.55	90 days' notice, no penalty. † £1,000+
National and Provincial	8.25	9.25	10.75	Apex 3rd iss. (2.50 gtd. 3 yrs.) withdl. penalty
			10.25	Money man. £10,000+. No notice. No penalty
			10.00	Money man. £500+ (8.25 under £500)
Nationwide	8.25	9.25	10.75	Capital bonds, 3 yrs., 90 days' notice/penalty
			10.75	Bonus-90 £20,000+. 90 days' notice/penalty
			10.50	Bonus-90 £10,000-£19,999, 90 days' notice/pen.
Newcastle	8.25	9.50	10.05	60 days' notice; 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.25	Moneyspinner plus £20,000 or more, inst. access
			10.00	Moneyspinner plus £5,000 or more, inst. access
			9.75	Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80	7-d. share/monthly inc. opt. 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40	Imm. wdl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85	pa "85" shares—85 days' not.—monthly income
Portman	8.25	10.50	*9.85	Flexi-plus. £500+ instant access, no penalty
			*10.25	Pm. £500+ 2 m. not., no pn. *Mthly. inc. £2,000
Portsmouth	8.40	9.90	11.20	5-year, 11.00 3-year, 10.85 90-day, 10.25 30-day
Property Owners	8.75	10.25	10.55	3 mths., 10.25 6 mths., 10.10 28 d., 10.00 im. ac.
Scarborough	8.25	9.50	10.45	Over 55's no penalties M.I. min. £250—10.15
Skipton	8.25	9.50	10.55	Sovereign £10,000+ instant access—no penalty
			10.30	Sovereign £500-£9,999
Stroud	8.25	9.50	11.00	2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day
Sussex County	8.25	9.70	9.90	Sussex High, 10.20 90-day, 10.50 monthly income
Thrift	9.20	—	10.20	3-year term. Other accounts available
Town and Country	8.25	—	11.00	2-yr. term £10,000+, 10.75 £500-£9,999 wdl. avl.
			10.75	7.00 Moneywise chq./Visa int. varies with bal.
			10.25	Supershare. Imm. wdl. No pen. min. inv. £500
Wessex	10.10	—	—	No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75	Prime—no notice, no penalty, minimum £500
			9.75	Monthly income shares, 28 days' notice
			10.75	Capital, 90 days' notice/penalty
Yorkshire	8.25	9.25	10.15	Diamond key, 28 days' notice or 28 days' pen.
			10.75	Platinum key, 60 days' notice or 60 days' pen.

All these % rates are after basic rate tax liability has been settled on behalf of the investor.

Chloride U.S. 'tragedy' to continue

SERIOUS production problems in the U.S. cost the Chloride group overall losses running into several millions of pounds, and were described by chairman Sir Michael Edwardes yesterday as "the great tragedy of the past year's results." The trouble is set to continue into the second half of the current year.

The American region could only manage to break even at the net operating level, compared with a profit of £5.1m last time, and the slump there was the main reason for a virtually unchanged return at the pre-tax level.

The result for the year to March 31 1985, up marginally at £14.2m (£14m), had been foreseen by market analysts. The shares slipped 2p on the day to close at 30p, despite the chairman's announcement of a major break-through in the development of a new battery design and the news that U.S. government-backed agencies were involved in negotiations for the funding of the project.

Of the disappointing performance in the American region, Sir Michael said that continuing price competition in the replacement battery market was partly responsible. The main reason for the significant reversal was the production problems associated with the group's torque starter battery. These were more serious than anticipated, and cost Chloride some £3.3m in exceptional warranty costs.

He added that the benefits of remedial action taken — the battery was withdrawn for five months and then reintroduced in a modified version—will not work through until the second half of 1985-86. Sir Michael was still convinced that the battery would be "a winner" in the American market.

Sir Michael refused to be drawn yesterday on the question of the ordinary dividend, which has been unpaid since 1980, though he stated "the board remains deeply conscious of the disappointment and hardship to shareholders."

The Chloride Shareholders Action Group issued a statement yesterday expressing its disappointment at the results and demanding a full enquiry into the U.S. performance.

"We are concerned that if this is a failure of Chloride technology, urgent atcion needs to be taken," said Dr Maurice Gilibrand, the shareholder group's chairman.

Attributable profits were down from £3.2m to £1m.

The poor U.S. performance overshadowed better results elsewhere in Chloride's operations. Sales at £401.8m (£363.3m) were 11 per cent above the previous year, after adjusting for turnover of £15.7m attributable to businesses divested in 1983-84.

Operating profit before exceptional items was £23.3m (£24.5m). "Fierce competition continues to reduce margins in many of our major automotive battery markets," said Sir Michael.

The European region's operating profit more than doubled from £5.3m to £11.2m, on sales which, at £155.3m, were 19 per cent up, after taking account of the divestment of Chloride Shires.

The chairman considered that the overseas division had a "satisfactory year," although operating profits, down from £16.1m to £14.5m, were well below the previous year's record result. Sales also fell, from £131.6m to £121.2m.

After an increased tax charge of £10.6m against £9.4m, net profits came out at £3.6m, down £1m, the company reports a loss per share of 0.3p against earnings of 0.5p.

Exceptional items produced a £0.4m credit (£2.8m charge) and were mainly due to a change in the U.S. pension arrangements.

Net borrowings of £68.6m at year end compare with £67.9m previously. Shareholders' funds decreased by £3.0m, mainly as a result of a £4.2m adverse exchange rate adjustment on opening reserves, and attributable net gearing at 75 per cent compares with 71 per cent at the end of the previous year.

See Lex

AMERICAN FUNDING SOUGHT

Chloride's management yesterday disclosed plans to obtain funds in the U.S. for development work on the group's sodium sulphur "BETA" battery. Sir Michael Edwardes said "several million dollars" of assistance was in the final stage of negotiation with EPRI, a U.S. Government-owned research institute, and Sandia, a private corporation which receives direct funding from the U.S. Government.

The BETA battery, which Sir Michael said promised an absolutely fundamental change in the way that batteries are made," has been under study at Chloride for more than a decade. Heading the research has been Chloride Silent Power, a company 51 per cent-owned by Chloride and 49 per cent by the Electricity Council.

The U.S. parties under the proposed arrangements would contribute to the venture's design, development and demonstration expenses in exchange for future access to the sodium sulphur technology. This would give them "a front row seat," said Sir Michael, but they would still need to purchase a licence for future production rights.

Chloride added that it had finally established the technical viability of the new battery in recent months and now anticipated having a demonstration model ready by the end of 1986. Successful production of the battery could one day have sweeping implications for defence and aerospace industries

Tomkinsons surges to £0.5m in first half

AGAINST a background of unsettled business conditions, Kidderminster-based Tomkinsons, carpet manufacturer and spinner, achieved £502,000 for the six months to March 30 1985, against £72,000 previously.

Mr J. Lancaster, the chairman, says that while the weakness of the pound provided some short-term incentive for exports, the price of imported materials proved difficult to control. Nevertheless all key sectors of the group improved, resulting in a 21 per cent increase in sales, from £6.99m to £8.47m.

The benefits of earlier capital expenditure proved impressive in support of manufacturing efficiency and the styling of Tomkinsons' ranges, the chairman says.

Looking to the second half he adds that the directors expect the difficult conditions, which have prevailed for a number of years, in the group's markets to continue for the foreseeable future. However, the group is well placed to continue profitable penetration of those markets.

From a trading profit, ahead at £571,000 (£111,000), interest took £69,000 (£39,000). After a tax charge of £213,000 (nil) attributable profit emerged at £289,000 (£72,000).

As usual, there is no interim dividend. Last year's 5p payment was paid on profits of £358,000.

● comment

The first half of this year at Tomkinsons has been as good as the first half of last year was bad—and hence a 500 per cent increase in pre-tax profits. Less spectacular but equally encouraging is the 20 per cent increase in turnover after four flat years. This was the result of a £2m investment in new equipment which is now paying off. The first three months of the year were difficult for the whole industry, with sharply higher jute prices, and a 30 per cent increase in the wool price. Against that background, to achieve a margin of 7 per cent is more than respectable and deserves due acknowledgement in the City. Carpets are a seasonal business with the second half the weaker of the two, so at the current rate, Tomkinsons is on course for £850,000 for the full year. That would mean that the shares, up 8p to 145p, are trading on a 9 times earnings, which could start to look low if the company has really turned the corner.

Balance of Britoil stake to be sold at fixed price

BY STEFAN WAGSTYL

THE GOVERNMENT'S sale of its remaining 48.8 per cent stake in Britoil is to be a fixed-price issue held later this summer.

Investors will pay for the shares in two instalments—one on application and the second about thre months later.

Announcing details of the £500m-plus offer yesterday, Mr John Moore, the financial Secretary to the Treasury, said that existing shareholders would get preferential rights in applying for shares in the public issue.

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Fifteen million of the 243m shares on offer would be reserved for Britoil employees, up to a maximum of 10,000 shares each, said Mr Moore.

In common with recent offers in the government's privatisation programme, there is to be a "pathfinder" prospectus, published "some weeks before impact day," seting out information about the company, but not the offer price.

And as in previous government issues, stockbrokers across the UK have been appointed as regional co-ordinators to "encourage wider share ownership," by attracting applications from private individuals.

Investors buying shares in the offer will be entitled to Britoil's interim dividend for 1985, to be announced with its interim results in mid-July.

The Treasury said that the timing of the offer will depend on market conditions. City analysts said last night that results of a meeting of OPEC ministers, due on July 5, would clearly influence the date and price of the issue.

Meanwhile, both the Treasury and the Department of Energy Petroleum had approached the Petroleum had approached the Government about buying its entire Britoil shareholding.

The Government intends to retain a golden share in the company, enabling it to block any unwelcome takeover.

City analysts believe that the Britoil share-sale could be a particularly awkward stage in the privatisation programme. The first sale of Britoil shares in 1982 failed to attract investors and three-quarters of the issue was left with the underwriters.

The shares slipped from their 215p offer price and have since struggled to climb far above it. Last night they closed at 213p unchanged.

Taylor Woodrow record orders

THE ORDER book for Taylor Woodrow has exceeded £1bn for the first time, the chairman, Mr Dick Puttick, reported at the annual meeting. The figure stood at £1.01m, an increase of 25 per cent on the year before, of which £759m was in the UK.

Mr Puttick added that the construction market in Britain remained very competitive and it was encouraging to report such a significant increase in orders.

Commenting on progress for the present year, he said that group profits were running at about the level of last year and "having regard to the breadth of our operations your directors feel confident about the prospects for the current year."

The group was involved in three major developments, the building of the London Commodity Exchange at St. Katherine's Dock, a large office block at Ealing, London, and a central area development scheme at Hounslow, being undertaken with Eagle Star.

There were also plans for expanding the housing, property and constructions interests in the U.S. and the sand and ballast and other trading activities in UK, as well as proven energy interests.

● **Morgan Crucible**—Figures for the first quarter showed profitability to well up on last year despite an adverse currency swing of £800,000. Agreement has been reached to acquire Bonar Stanger in Australia, subject to FIRB approval and the Mexican Government had given permission for Morganite del Caribe to set up a ceramic fibre plant.

● **Coates Brothers**—Mr John Youngman, the chairman, said that demand had continued to be firm and group sales and profits were showing some improvement on last year. Overseas sales, however, notably the U.S. had fallen below expectations and depreciating currencies in South Africa, Australia and New Zealand were causing raw material costs to rise rapidly.

● **Wace Group**—Mr Norman Castle, the chairman, said that profits for the first half of the present year were likely to be comfortably more than last year's comparable figure and it was one of the group's main objectives to restore the dividend at the earliest opportunity. He added that negotiations for a significant acquisition were still in progress but it would be some weeks before these were completed.

Continuous Stationery in the red

Losses of £50,975 were incurred by Continuous Stationery, printer of computer stationery, in the year to March 31, 1985. This compares with profits of £43,221 in the previous 12-month period.

Despite this, however, the board has recommended a total dividend increased from 1.4p to 1.75p net with a final of 1.3p. There was a loss per 10p share of 0.59p against earnings last time of 1.45p.

Group turnover was down from £4.12m to £4.01m. There was a tax credit of £21,337 (£29,382), leaving an attributable loss of £29,638 (£128,363 profit) and after dividends of £87,500 (£70,000), the retained loss was £117,138 against a retained profit of £58,363, which included an extraordinary credit for deferred tax of £55,760.

Alpine Soft Drinks cuts losses to £272,000

Alpine Soft Drinks, the Birmingham-based manufacturer and distributor of soft drinks, reduced its pre-tax losses from £799,000 to £272,000 in the year to March 30 1985. That was despite a profit at the interim stage of £102,000.

Turnover was down from £17.04m to £15.11m but sales volume of the company's main product, 40 oz carbonated soft drinks, increased by 2 per cent. That was achieved even though the number of operating rounds were cut from 414 to 311 in the last two years and the sales distribution depots fell from 40 to 30.

Losses per 10p share were 1.83p (7.01p) for the period while the dividend is held at 1.8p with a same-again final of 1.2p.

The average sales volume for the remaining rounds, however, was 20.3 per cent higher at the end of the year compared with the start.

Directors say that competition remained intense throughout the year and substantial price reductions in January and February 1984 succeeded in gaining a larger share of the market, although in the short-term profit margins were eroded.

They add that although margins are under pressure they will not allow prices to increase to the point where Alpine products become uncompetitive. It is considered essential to improve the sales volume per round as this will provide the opportunity to eliminate losses and return to a period of growth.

With tax credits at £84,000, compared to £78,000 for 1983-84, when there were extraordinary items of £410,000, the loss for the financial year was substantially reduced at £188,000, against the previous year's figure of £1.13m.

Jessups plans to acquire Ford dealer

Jessups, Romford-based motor vehicle dealer, has conditionally agreed to acquire the whole of the issued share capital of Skelmersdale Motors, a private company established as a Ford main dealer in 1972.

Consideration will be the payment of a cash sum equal to the certified net asset value of Skelmersdale Motors as at May 31 1985. Its net assets at end-1984 were £995,000, and turnover and pre-tax profits were £9.44m (£9.92m) and £274,000 (£178,000) respectively.

Skelmersdale Motors operates from a single location in Skelmersdale, Lancashire.

The Jessups board has been active in seeking dealerships which fit in well with its existing interests, and the acquisition of Skelmersdale is seen as an atractive opportunity to add to Jessups' existing Ford dealerships.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Fri June 14 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs June 13 Index No.	Wed June 12 Index No.	Tues June 11 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	521.25	−0.9	10.74	4.34	11.65	7.20	526.05	528.99	537.85	478.18	577.15	22/1	521.25	14/6	577.15	22/1/85	50.71	13/12/74
2	Building Materials (23)	513.62	−1.1	12.74	5.08	9.65	6.93	519.38	523.31	526.44	446.99	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	749.88	−0.9	13.62	5.49	9.48	16.49	756.39	770.34	774.93	646.09	784.35	4/6	684.17	8/3	831.09	15/3/83	71.48	2/12/74
4	Electricals (14)	1427.87	−1.1	11.80	5.10	11.48	27.85	1443.14	1429.56	1491.51	1516.23	1701.64	22/1	1427.87	14/6	1909.93	3/6/83	84.71	25/6/62
5	Electronics (37)	1423.21	−0.6	10.44	3.60	12.44	14.03	1431.13	1426.07	1468.62	1672.03	1977.60	9/1	1423.21	14/6	2049.05	13/11/84	1423.21	14/6/85
6	Mechanical Engineering (63)	299.98	−1.5	10.68	4.66	11.40	4.79	304.42	306.02	309.83	244.63	316.14	13/5	275.18	3/1	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	195.15	−0.9	12.73	7.79	9.83	3.71	196.84	197.64	201.77	179.32	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (17)	166.09	−0.5	13.02	5.08	9.53	3.15	166.85	166.76	168.41	119.86	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	950.40	−0.9	7.41	3.41	16.20	11.22	959.51	978.52	987.76	627.15	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (178)●	653.72	−0.2	9.87	3.92	12.51	8.79	655.21	663.38	671.01	492.32	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (23)	598.33	+0.4	11.49	4.66	10.87	8.09	596.15	596.58	598.72	519.20	617.38	4/6	550.86	3/1	617.38	4/6/85	69.47	13/12/74
25	Food Manufacturing (20)	494.19	−1.3	12.43	4.93	10.26	9.86	500.48	506.48	506.90	367.20	513.86	12/3	473.30	3/1	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)●	1545.84	−0.9	5.67	2.59	23.34	10.24	1559.59	1580.81	1596.12	1117.96	1662.70	5/6	1408.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1070.47	−0.1	6.16	2.76	19.10	5.75	1071.39	1086.70	1117.34	768.52	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (23)	665.77	−0.8	8.92	4.88	14.67	12.59	670.83	675.66	683.08	587.23	719.49	22/1	652.35	9/4	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1782.38	−0.6	7.34	4.31	17.50	32.34	1792.50	1799.36	1801.11	1326.31	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (14)	337.60	+0.2	11.23	4.18	10.09	2.50	337.05	344.58	338.24	234.95	344.58	12/6	286.36	3/1	344.58	12/6/85	43.46	6/1/75
34	Stores (41)	622.76	+0.3	8.00	3.36	16.93	8.45	620.96	633.88	644.45	437.32	660.85	5/6	529.47	19/2	660.85	5/6/85	52.63	6/1/75
35	Textiles (19)	329.75	+0.3	16.94	4.79	6.77	6.38	328.66	326.94	327.90	255.53	341.97	11/3	293.87	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	838.93	−0.3	17.69	5.12	6.34	17.44	841.77	854.32	868.75	615.22	1010.69	8/2	820.03	31/5	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	679.59	−0.2	9.02	4.10	13.99	6.00	681.10	687.39	696.81	428.80	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (17)	741.31	−0.6	14.03	5.01	8.81	15.33	745.72	753.40	758.50	566.11	832.26	22/2	710.88	3/1	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	176.48	−1.7	7.46	4.76	16.62	3.58	179.60	180.46	181.09	119.60	190.38	11/3	154.76	3/1	246.86	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1118.69	−0.4	8.16	4.70	16.10	25.43	1123.42	1125.69	1114.98	829.06	1201.81	23/5	958.88	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (63)	845.92	−0.9	7.35	3.68	16.62	6.94	853.66	865.21	876.19	598.62	899.77	3/6	798.35	3/1	899.77	3/6/85	60.39	6/7/75
46	Telephone Networks (2)	844.54	+0.6	7.92	3.81	16.47	0.70	839.89	845.82	864.25	0.0	932.01	15/5	781.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)●	633.20	−0.4	9.85	4.07	12.64	7.77	635.73	642.01	650.61	483.15	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1111.13	−0.7	16.79	7.49	7.33	37.63	1119.25	1129.74	1134.95	1059.34	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)●	673.46	−0.4	10.76	4.52	11.55	10.16	676.44	683.07	691.45	531.47	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (113)	467.29	−0.5	—	5.36	—	9.14	469.42	474.60	477.34	358.13	478.74	15/5	430.10	4/1	478.74	15/5/85	55.88	13/12/74
62	Banks (6)	462.98	+0.2	16.72	7.47	8.54	11.71	462.15	467.54	469.96	341.90	483.39	13/5	420.58	15/4	483.39	13/5/85	62.44	12/12/74
65	Insurance (Life) (8)	753.68	—	—	4.21	—	14.71	754.09	764.45	770.78	452.23	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	360.04	−0.3	—	5.42	—	8.53	361.24	363.30	365.68	271.21	365.68	11/6	303.16	25/2	365.68	11/6/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1121.07	−0.7	8.26	3.67	16.20	19.87	1129.08	1138.33	1142.14	720.20	1248.70	15/3	1011.88	4/1	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	223.49	−0.7	—	4.58	—	1.56	225.15	228.73	229.54	200.57	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	612.84	−1.2	6.07	3.78	22.15	7.46	620.22	624.88	629.45	551.38	653.36	13/5	612.84	14/6	653.36	13/5/85	56.01	20/4/65
70	Other Financial (24)	269.12	−1.3	9.23	6.05	13.18	5.38	272.58	278.54	278.89	237.72	296.92	6/2	268.28	3/1	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	581.83	−1.1	—	3.53	—	6.70	588.40	593.20	594.14	462.33	635.62	7/3	564.72	3/1	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (4)	275.77	+0.4	11.58	5.73	10.10	5.29	274.72	275.81	278.99	288.34	311.08	15/4	269.78	7/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	645.46	−0.3	9.54	6.59	12.96	19.54	647.10	654.38	651.98	525.09	687.15	22/1	618.22	3/1	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (737)●	616.44	−0.5	—	4.64	—	9.73	619.30	625.39	632.00	486.99	644.21	5/6	581.88	3/1	644.21	5/6/85	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	June 13	June 12	June 11	June 10	June 7	Year ago								
	FT-SE 100 SHARE INDEX	1275.5	−3.4	1275.5	1266.2	1278.9	1291.4	1308.1	1299.6	1310.6	1040.1	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri June 14	Day's change %	Thurs June 13	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.94	+0.19	117.71	—	5.09
2	5-15 years	129.63	+0.41	129.37	0.26	6.22
3	Over 15 years	136.78	+0.47	136.14	—	4.34
4	Irredeemables	145.24	+0.04	145.18	—	6.30
5	All stocks	128.36	+0.34	128.05	0.12	5.59
6	Debentures & Loans	109.00	+0.07	108.93	—	5.69
7	Preference	79.40	+0.07	79.35	—	3.16
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.24	+0.05	111.18	—	1.08

	AVERAGE GROSS REDEMPTION YIELDS		Fri June 14	Thurs June 13	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.34	10.38	11.14	11.56	28/1	10.29	4/6
2	Coupons	15 years	10.61	10.66	10.98	11.20	28/1	10.47	9/1
3		25 years	10.26	10.29	10.40	10.72	29/1	10.08	2/1
4	Medium	5 years	11.39	11.46	11.91	12.39	28/1	11.34	9/1
5	Coupons	15 years	10.89	10.95	11.38	11.63	28/1	10.79	18/4
6		25 years	10.43	10.46	10.71	10.97	29/1	10.29	15/4
7	High	5 years	11.45	11.51	11.96	12.53	28/1	11.30	9/1
8	Coupons	15 years	11.05	11.10	11.56	11.76	28/1	10.94	18/4
9		25 years	10.63	10.67	10.76	11.03	29/1	10.36	9/1
10	Irredeemables†		10.14	10.13	10.27	10.49	28/1	9.98	31/12
11	Debs &	5 years	11.88	11.88	12.34	12.63	29/1	11.73	2/1
12	Loans	15 years	11.71	11.71	12.19	12.37	29/1	11.67	7/6
13		25 years	11.53	11.55	12.07	12.37	29/1	11.47	19/4
14	Preference†		12.38	12.39	12.95	13.14	29/1	12.38	14/6
15	Inflation rate	5%	3.59	3.58	3.66	3.61	6/6	3.11	11/3
16		10%	3.38	3.40	3.46	3.42	6/6	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

● Corrected Figures: 13/6/1985.

Australia results lift Flexello

FLEXELLO CASTORS AND WHEELS saw operating profit for the six months to March 31 1985 rise by 29 per cent on turnover up by almost 7 per cent. Turnover was £6.26m (£5.87m) with operating profit at £521,000 (£404,000).

However, a provision for a bad debt of £35,000 and currency translation losses of £136,000, because of the strength of sterling against the Australian dollar, resulted in pre-tax profits falling by £27,000 to £384,000.

In the previous full year, pre-tax profits were £734,000 on turnover of £11.57m.

Directors of the Slough-based company say that the improvement in the company's results arises from the continued containment of costs against a background of increased volume and an excellent performance by the Australian subsidiary, which increased turnover by more than 50 per cent and more than doubled its pre-tax profit.

Tax was £178,000, against £184,000 for the corresponding period, leaving attributable profit at £206,000 (£226,000). Earnings per share fell from 6.84p to 6.22p.

An increased interim dividend of 1.2p net is proposed, compared with the payment for 1983-84 of 1p, when a total of 3p was paid.

Great Portland Estates ahead at year end

Pre-tax net revenue at Great Portland Estates improved from £15.04m to £16.78m in the year to March 31 1985. The final dividend is raised from 4.5p to 5p for an increased total of 6p compared with 5.5p. Stated earnings per 50 share were up from 6.1p to 6.8p.

Gross rental income was £18.6m against £17.29m. Net interest receivable was £825,000 (£1.62m), and UK tax took £7.2m (£6.47m). Group net revenue from completed properties after tax rose from £8.57m to £9.58m.

The group's entire portfolio was valued at £302.74m by Hillier Parker May & Rowden as at March 31 1985 on the basis of "open market value." Additions to properties during the year were £6.23m (£13.6m), and sales at book value were £2.82m (£3.39m).

Pentland shoes offshoot reveals profits leap

BY MARTIN DICKSON

Pentland Industries, profits of which has been soaring from the manufacture and distribution of popular running shoes, yesterday announced a leap in the profits of Reebok, its athletic shoes subsidiary, in the first four months of 1985.

The figures were given in a filing with the U.S. Securities and Exchange Commission, as part of Pentland's plan to float its 55.5 per cent owned U.S. subsidiary, Reebok International, which is expected to have a market capitalisation of more than $200m.

Pentland's shares, which were as low as 55p early last year, rose to about 630p in April, when its 1984 figures were announced. They have moved up again sharply in recent weeks since it unveiled plans for the U.S. flotation. They closed last night at £10½, up 12½p.

The SEC figures show the combined pre-tax profits of the U.S. subsidiary and Reebok in the UK rose to £10.15m in the first four months of 1985, against £965,000 in the same period of 1984, when restated on a comparable basis. Turnover totalled £45.2m, against £6.3m. Profits attributable to Pentland total £2.86m (£271,000) and earnings per share 18.44p (1.75)p.

Pentland reported pre-tax profits last year of £12.9m, against £1.68m in 1983, most of the increase coming from its athletics shoes operation.

New shares to be issued in the flotation will dilute its stake in the U.S. company to about 47 per cent. It intends to raise some $8m for other investments through a sale of shares that will reduce its stake further to about 43 per cent.

Selincourt has to clarify Ryman profits estimate

Selincourt, the fashionware and fabrics group contesting a bid from Mrs Jennifer d'Abo, head of the Ryman office equipment chain, was forced by the Takeover Panel yesterday to clarify statements it had made about Ryman's record under Mrs d'Abo's control.

The dispute centred on the accounting treatment of the relationship between Ryman and its 100 per cent owner, Paramace. If loans from Paramace are treated as equity and included in shareholders' funds, Ryman would have a loss of £91,814 in 1984 compared with the £814,164 previously contended by Selincourt. Paramace, Selincourt said, had a £91,480 loss.

Mrs d'Abo, who is making the Selincourt bid through the shell vehicle Stormgard, contends that Paramace, which has no business other than the ownership of Selincourt, had pre-tax profits of £40,108 in 1984, against a £1.73m loss in 1983, following two accounting changes for stocks and leasehold properties.

Mrs d'Abo also says the retail division of Ryman had a £153,000 profit in 1984 against a £787,000 loss in 1983.

Stormgard said yesterday that by Thursday, when it raised its cash alternative and declared both that and its share offer final, it had received acceptances covering 30 per cent of Selincourt's equity. It is being backed by five institutions.

Windsor board battle intensifies

A battle for boardroom control at insurance broker Windsor Securities intensified yesterday when Mr Maurice Fullerton, the company's chairman, announced that negotiations were at an advanced stage for the acquisition of a "rapidly growing business in the insurance sector."

But he added that the unnamed vendor would not complete the deal unless shareholders rejected proposals for a boardroom shake-up to be put to an extraordinary general meeting.

Lander Investments, an insurance company which recently acquired a 14.9 per cent stake in Windsor, has proposed the appointment of four new directors to the company's board. As Windsor at present has just three directors, this would give control to the newcomers. Windsor, under its former name of Brentnall Beard, was deeply involved in the 1978 Sasse affair at Lloyds.

In a letter to shareholders, urging them to reject the resolutions, Mr Fullerton criticised Lander's record and plans for the company. He said future success lay "not in acquiring large amounts of unprofitable insurance brokerage, but in selecting businesses which produce the highest return."

In a letter to shareholders earlier this week, Lander attacked Windsor's record. It said it intended to amalgamate the two companies and conclude further acquisitions and joint ventures "for the exclusive benefit of Windsor."

Burndene

Burndene Investments has announced pre-tax profits of £209,000 for the 43 weeks to March 30, 1985, on turnover of £10.02m. For the 26 weeks to December 1, 1984, pre-tax profits were £58,000 on turnover of £4.5m.

The directors of this caravan, mobile home and clothing manufacturer and property developer, say that profits for its present 16-month accounting period to end-September, 1985, should be slightly higher than for the year to June 2, 1984.

DIVIDENDS ANNOUNCED

Alpine Soft Drinks	1.2	July 31	1.2	1.8	1.8
A. Cohen	7.5	Aug 29	6.8	10.8	9.8
Continuous St'nery	1.3	Aug 1	0.95	1.75	1.4
Flexello .....int.	1.2	July 31	1	—	3
Gt. Portland Est.	5	Aug 29	4.5	6	5.5
John Swan	8.5	—	8.5	8.5	8.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

LMI fails in bid for Allied Textile

London & Midland Industrials' £44m takeover bid for Allied Textile Companies failed yesterday, with the holders of only 0.23 per cent of ATC's shares accepting the offer by the final closing date.

Defeat for LMI had been virtually certain ever since last week's extraordinary general meeting of ATC shareholders, which approved the company's takeover of Mayfield Holdings, a specialised textile group. LMI had said its offer would only go ahead if the Mayfield purchase did not.

LMI owned 13.27 per cent of ATC's shares before the launch of its bid.

House of Fraser

House of Fraser, the stores group, announced yesterday that it had increased to 6.88 per cent its holding in rival Debenhams, which is fighting a £475m takeover bid from Burton Group and Habitat-Mothercare.

House of Fraser built up a stake of about 5 per cent in Debenhams during the last week of May, as a strategic stake giving it a say in the company's future. It has gone on buying since then, prompting speculation in the City about its ultimate intentions.

Oceana

Executors, a South African investment management company, has made a £1.15m agreed takeover bid for Oceana Development Investment Trust, which is quoted in London and Johannesburg. The offer is 218p or Rand 5.50 in cash for each ordinary Oceana stock unit.

For the year to March 31, Oceana yesterday reported gross revenue of £61,552 (£72,774), net pre-tax revenue of £35,464 (£53,087), earnings per share of 4.56p (6.54p), net asset value per ordinary stock unit of 67.3p (66.0p) and dividends of 3.9p (2p).

Tozer up 3p

The share price of Tozer, Kemsley & Millbourn, motor dealer and property developer, rose 3p to 40p yesterday on market expectations that long-awaited reconstruction proposals were about to be unveiled. Mr Dennis Green, group controller, confirmed that the package would be announced before long but declined to forecast a date. Mr Ron Brierley's IEP Securities has a 24.8 per cent stake in TKM and is expected to participate in the capital restructure.

Adams & Gibbon

Keep Trust has withdrawn from the £4.2m takeover battle for Adams and Gibbon, the motor distributor. Keep said it had received acceptances in respect of only 27.12 per cent of Adams' equity. Keep, which held 11.89 per cent of Adams prior to launching its bid, did not buy any new shares during the offer period and has accordingly allowed its offer to lapse.

Westbrick Plastics

C. H. Beazer's wholly owned subsidiary Westbrick Plastics has purchased the Anmac specialist glass reinforced plastic division from William Moss Group, an offshoot of French Kier Holdings. Consideration for the deal was undisclosed.

Microgen

The pre-tax profits of Microgen Holdings for the six months to April 30, 1985, were £2.25m (£866,000) and not £1.09m (£433,000) as reported in the edition of June 12.

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Italian banks sell holding in Montedison

By Our Milan Correspondent

ITALIAN STATE banks, which formed a shareholding consortium in Montedison, Italy's leading chemicals, health care and energy group, have sold around 25 per cent of the Milan-based company to private investors, many of them foreign.

It was learned yesterday that since the end of March more than $200m-worth of Montedison shares have been sold by Italian banks. This means that the company is now largely privatised.

The only remaining sizeable state-participation in Montedison is held by Mediobanca, the merchant bank which is part of the IRI state holding group. Mediobanca, which as of March held a 17.8 per cent stake, is believed to have reduced this to around 15 per cent.

The privatisation of the bank consortium's shareholding is significant because it has long been a key goal of the management team led by Sig Mario Schimberni, the Montedison chairman who, over the past four years, has supervised a radical reorganisation.

The banks held the shares because they were part of an underwriting consortium of around 30 institutions, led by Mediobanca, which in February, 1982, was forced to subscribe for a large part of a L640bn ($325m) Montedison rights issue.

There has been strong interest in Montedison shares recently, both from foreign institutional investors and from Italy.

Last year, Montedison reduced its loss to L83bn, down from L322bn in 1983, and a record 1982 deficit of L859bn. The company, which had 1984 revenues of L12,382bn, expects to make a net profit this year.

The share price of Montedison, which closed yesterday at L1,885 on the Milan bourse, has gained almost 10 per cent in the past five days of trading. Montedison's market capitalisation stands at L1,877bn.

Aside from the Mediobanca share stake, the only other large block of shares held is a 17.1 per cent stake controlled by the Gemina consortium of private companies,

Campbell Soup to acquire Belgian group

By Our Financial Staff

CAMPBELL SOUP of the U.S. is to acquire a controlling interest in Continental Foods of Belgium, one of the largest privately-owned food groups in the Low Countries.

Continental Foods has sales in the region of $115m, most of which arise in Belgium and France. Campbell Soup's sales last year totalled $3.6bn from which it made a net profit of $191m.

Campbell Soup will retain the existing Continental Foods management. The Belgian group's business is spread between three divisions, foods, sweets and delicatessen foods.

HONG KONG BANK DENIES LIQUIDITY CRISIS

Audit team drafted into Ka Wah

BY DAVID DODWELL IN HONG KONG

AN AUDIT team from the Hongkong and Shanghai Banking Corporation was invited into the offices of Hong Kong's Ka Wah Bank yesterday morning to make an independent assessment of the bank's liquidity position.

It is understood the team's conclusions will play an important part in determining whether or not leading banks in the territory will continue to provide lines of credit, settling once and for all persistent rumours that Ka Wah is facing difficulties.

Ka Wah has been controlled by the family of Mr Low Chung Song, a Malaysian based in Singapore, since 1974. It has been the subject of speculation since the collapse of Overseas Trust Bank (OTB) in Hong Kong a week ago. OTB was rescued by the Hong Kong Government at a potential cost to the local taxpayer of more than HK$2bn (U.S.$259m).

Stock market operators blamed rumours over Ka Wah for a fresh bout of selling pressure on the territory's stock exchanges. The Hang Seng index, Hong Kong's leading stock market indicator, fell by 40.94 points to end the week at 1441.97. More than 200 points have been stripped from the index since OTB collapsed eight days ago.

Executives in Ka Wah insist they have had no liquidity problems over the past week. They are nevertheless concerned—as are Hong Kong's banking authorities — that current rumours might generate a self-fulfilling prophesy that would result in liquidity being stretched.

Existing lines of credit in the interbank market are likely to support the bank until next week.

In an attemp to pre-empt problems, the Ka Wah board has asked the Hongkong and Shanghai audit team to provide an independent assessment of the bank's affairs. It is intended to give lenders the confidence they need to renew their credit lines.

Those most exposed are understood to be Banker's Trust and Chase Manhattan. A number of other American and Australian banks have loans outstanding to Ka Wah.

Ka Wah, which is about half the size of OTB, has a network of 27 branches in Hong Kong, and two in the U.S. It has concentrated heavily in recent years on trade and manufacturing links between Hong Kong and South East Asia.

In normal circumstances, this might be seen as a strength, but in the wake of the scandal-ridden failure of OTB, a bank with strong links to Malaysia, Singapore, Thailand and Idonesia—it has become a root cause of faltering confidence.

Hong Kong's banks face a three-day holiday weekend, a fact that is likely to give Ka Wah and Hongkong and Shanghai's audit team the breathing space they need to discover the moves needed to restore local banking confidence.

● Meanwhile, Mr David Turner, the newly appointed managing director of OTB and its subsidiary the Hongkong Industrial and Commercial Bank (HICB), said the new HICB board has called on accountants Peat Marwick Mitchell to conduct a special audit determining the financial standing of the bank.

He said there is "some case for believing that some loans made by HICB may prove not to recoverable in full." The special audit is likely to take "a few months," but the report will be made available "as soon as possible."

Hong Leong, the Malaysian-controlled financial group, cancelled plans to acquire HICB in the wake of the OTB failure. The Government has subsequently said it will through OTB give "All necessary support" to bank creditors and depositors.

Hoesch expects to return to dividend list this year

BY RUPERT CORNWELL IN BONN

HOESCH, one of the leading West German steel and engineering groups, is expecting to pay dividend again for 1985, the first such payment from the company since 1976.

Despite a return to the black in recent years — Hoesch boosted operating profits in 1984 from DM 31m to DM 182m ($58.7m) — the government has prevented any benefit being passed on to shareholders on the grounds that the company had received substantial restructuring subsidies from Bonn.

But Herr Detley Rohwedder, Hoesch's chief executive, told the Hoesch annual general meeting in Dortmund yesterday that, to judge from the company's current discussions with the Government, there would be no objection this year to a payout.

He gave no indication of how large this might be, but confirmed that Hoesch had been operating profitably in the first five months of 1985. The 1984 leap in profits had come on the back of a 7.6 per cent jump in sales to DM 7.25bn.

Earlier in the meeting, two individual shareholders saw motions rejected which would have blamed the Hoesch management for paying "substantial" wage and salary increases, even during years of major losses, while stockholders went emptyhanded.

Four-month earnings dip 31% at Swedish Match

BY DAVID BROWN IN STOCKHOLM

SWEDISH MATCH, the diversified industrial group and the world's leading manufacturer of matches, has suffered a 31 per cent drop in pre-tax earnings for the first four months of 1985, from SKr 125m to SKr 86m ($9.6m).

Net profits in 1985 are expected to remain "unchanged" from the SKr 227m achieved last year.

The group attributes the downturn to severe weather and poor demand in European and North American markets, especially in the home improvement sector. It said the benefits of restructuring its packaging and kitchen units had not yet yielded full results.

Invoiced sales were SKr 3.45bn. Adjusted for acquisitions, this represents a 6 per cent rise. However, operating costs jumped by nearly 18 per cent to SKr 3.17bn, and the operating results after depreciation fell 11 per cent to SKr 171m. Net financial costs climbed by SKr 27m to SKr 85m.

The match division reported an SKr 11m drop in operating results to SKr 67m despite a 22 per cent rise in turnover to SKr 822m.

The Akerlund and Rausing unit said turnover climbed 50 per cent to SKr 858m while profits rose by SKr 5m to SKr 35m as the effects of restructuring began to make themselves felt.

Konishiroku Photo profit up 12% at pre-tax level

BY YOKO SHIBATA IN TOKYO

KONISHIROKU Phonto Industry, Japan's second largest maker of photographic film and photocopiers, lifted pre-tax profits 12.6 per cent from Y16.59bn to Y18.69bn ($74.8m) in the year to April 30, 1985.

However, after increased taxes, net profits came out at Y9.83bn, down 4.4 per cent from Y10.28bn in the previous year. Sales were 5.7 per cent higher at Y272.9bn.

The company's reconstruction of Royal, its U.S. plain paper copier sales company, and the start of supply of copier machines to Italy's Olivetti on an original equipment manufacturing (OEM) basis are expected to boost sales and profits in the coming year. In view of this favourable outlook, Konishiroku increased its annual dividend by Y0.5 to pay Y9.5.

Sales by the company's office machine division fell by 1.9 per cent last year, owing to sluggish exports to the U.S., while camera sales dropped by 6.3 per cent. But the photosensitive material division increased sales by 9.9 per cent.

The company has been shoring up its U.S. photo processing company, Fotomat, to which Konishiroku provide films on an OEM basis, by taking a 60 per cent equity stake last year.

In the current fiscal year, Konishiroku's pre-tax profits are expected to reach Y21bn, up 12 per cent, and net profits to be Y11bn, also up 12 per cent, on full-year sales of Y310bn, up 13.6 per cent from the previous year.

Kronebanken in merger deal with Provinsbanken

BY HILARY BARNES IN COPENHAGEN

KONISHIROKU Photo Incommercial bank which was saved from collapse last December by the intervention of the National (central) Bank was taken over by Provinsbanken yesterday when the two banks signed a merger deal.

Provinsbanken offered an exchange of one of its own shares for two Kronebanken shares, which gave a total value for the deal of about DKr 610m ($55m) and placed a value of DKr 170 on Kronebanken's shares. Last winter they were being traded privately for about DKr 30.

The merger will make Provinsbanken the fifth ranking bank by balance sheet total after the three largest commercial banks and SDS, a savings bank.

The merger is a logical step for Provinsbanken, which has its headquarters and most of its branches in Jutland, while Kronebanken is a Zealand regional bank.

Kronebanken made a DKr 1.3bn loss last year, well in excess of its total equity capital, and was saved from having to close by guarantees put up by the National Bank and the three largest commercial banks.

In the first quarter of this year the bank made a strong earnings recovery, but the price which Provinsbanken had to pay was also affected by a rival bid made by Jyske Bank, another major Jutland bank.

Wheelock Marden loss totals HK$281m

By Our Financial Staff

WHEELOCK MARDEN, the Hong Kong trading and shipping group now controlled by Sir Y. K. Pao's Hongkong and Kowloon Wharf, suffered a HK$281.4m (US$36.2m) loss last year, compared with net profits of HK$139.2m in 1983.

The loss, which compares with an estimate in April by a group of independent directors of HK$70m deficit, reflects extraordinary charges of HK$368.5m, mainly due to write-downs of certain property assets and of the total investment plus loans in Wheelock Maritime International, a shipping affiliate.

The 1983 profits figure includes an extraordinary charge of HK$56.8m.

The company declared a final dividend of 18 cents on the "A" shares, making a total of 30 cents, and 1.8 cents on the "B" shares, raising the total to three cents. All figures are unchanged

Separately, Wardley, Hongkong Wharf's adviser, said the company had failed to gain the 95 per cent it sought of Allied Investors, Wheelock's quoted associate, and its offer of HK$11 per Allied share had lapsed. Hongkong Wharf and its subsidiaries hold slightly more than 50 per cent of Allied.

Lee Ming Tee sells 20% Hooker stake

By Michael Thompson-Noel in Sydney

MR LEE MING TEE, a Sydney-based investor, yesterday sold a 19.9 per cent stake in Hooker Corporation, one of Australia's biggest property concerns, for approximately A$58m (U.S.$38.3m), and said that the remainder of his Hooker shares—about 10 per cent—would be sold next week by Dutch auction.

The sale marks a puzzling end to the enigmatic Mr Lee's foray into Hooker, whose most recent six months net profit was A$17.5m.

However, Mr Lee's company, Sunshine Australia, should show a gross profit of around A$6m on the deal.

The identity of yesterday's buyer is not yet known, but is thought to be a New Zealand company friendly to Hooker's board.

The 32.6m Hooker shares involved yesterday changed hands at A$1.78 each.

IRI presses state on sale of foods unit

BY ALAN FRIEDMAN IN MILAN

IRI, ITALY'S state industrial holding company, has told the Government that it considers "valid" its April agreement to sell for L497bn ($253m) its food manufacturing and distribution company Societa Meridionale Finanziaria (SME) to Buitoni, the foods group.

After several hours of deliberations on Thursday evening, the board of IRI wrote to Sig Clelio Darida, Italy's Minister for State Participations, saying that it hoped for a decision by tomorrow.

If Sig Darida does not act by tomorrow, IRI could well consider as confirmed the sale of SME to Buitoni, which came under the control of Sig Carlo de Benedetti, who is also chairman of Olivetti.

The move by IRI is only the latest twist in an agonising and embarrassing political row over the privatisation of SME, which last year had sales of L3,100bn.

IRI in April signed a preliminary accord to sell SME to Sig de Benedetti. Then, in early May the deal ran into opposition from Sig Bettino Craxi, the Prime Minister, who succeeded in preventing Sig Darida from giving his formal approval.

In the meantime, IRI received other offers for SME, which it was obliged by the Government to consider. These included offers from a consortium composed of Fininvest (the flagship of television magnate Sig Silvio Berlusconi), Barilla and Ferrero (both food groups), a L620bn offer from a Naples-based company named Cofima, and a L600bn offer from the League of Co-operatives.

Behind the row over SME lies intense jealousy between Sig Craxi's Socialist party on the one hand (opposed to the sale to Sig de Benedetti) and his coalition partners, the Christian Democrats, who have a key role in the running of IRI and who support Prof Romano Prodi, the IRI chairman who agreed to privatise SME in the first place.

Despite IRI's request that Sig Darida consider the various offers and pass judgement by tomorrow on the de Benedetti offer, the SME saga could drag on since essentially it is a political conflict.

● Olivetti, Italy's leading data processing equipment maker, gained a quotation on the Brussels bourse yesterday. The share listing is part of Olivetti's strategy of expanding the company's investor base in markets outside of Italy. A listing in London is under consideration, while plans to seek a listing on the New York Stock Exchange have been delayed.

Olivetti shares are already traded on the Milan bourse, in Geneva, Paris and Frankfurt.

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*516)	460	68	83	—	3	10	—
	500	32	50	63	8	20	23
	550	10	22	35	35	42	47
	600	1½	11	20	85	88	90
Cons. Gold (*524)	460	72	90	—	2	7	—
	500	37	57	67	8	22	28
	550	14	32	40	34	47	57
	600	3	13	22	80	80	87
Courtaulds (*138)	130	13	18	22	2	4	8
	140	6	12	16	6	8	10
	160	1½	4½	8	23	24	25
Com. Union (*218)	180	42	46	—	3	4	—
	200	25	34	40	4	8	11
	220	13	21	28	10	15	19
	240	6	12	18	26	29	31
G.E.C. (*172)	160	22	28	36	3	4	6
	180	10	16	24	11	13	15
	200	4	7½	13	28	30	31
	220	2	4	—	48	50	—
Grand Met. (*283)	280	18	35	33	6	11	14
	300	10	17	23	22	27	32
	330	2½	6	11	50	55	55
I.C.I. (*739)	700	57	72	90	7	16	23
	750	25	44	57	23	40	50
	800	9	27	32	67	77	83
	850	3	13	—	115	120	—
	900	1½	6	—	155	170	—
Land Sec. (*275)	280	11	20	27	8	11	13
	300	4	10	16	25	25	26
	330	1½	3	8	54	54	64
Marks & Sp. (*130)	120	15	20	—	2	3	—
	130	6½	13	17	6	8	11
	140	3	8	11	13	15	18
	160	1	3	6	33	35	36
Shell Trans. (*678)	600	90	—	—	5	—	—
	650	45	60	70	9	15	20
	700	13	30	43	27	38	45
	750	4	17	25	75	78	83
	800	1½	4	—	125	128	—
Traf'gar Hse (*355)	323	38	48	—	2	6	—
	330	—	—	47	—	—	9
	353	16	24	—	9	16	—
	360	—	—	35	—	—	25
	383	4	9	—	30	33	—
	390	—	—	14	—	—	38

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*315)	300	35	42	50	8	11	15
	330	16	25	35	20	30	38
	360	5	12	—	47	52	—
	390	2	5	—	77	80	—
Barclays (*374)	360	—	—	52	—	—	13
	385	20	30	—	22	27	—
	390	—	—	32	—	—	35
	435	6	8	—	67	70	—
Brit. Aero (*365)	360	27	35	43	8	13	20
	390	13	18	25	25	33	40
	420	6	9	14	55	57	60
	460	2	5	—	95	95	—
Bt. Telecom (*188)	150	35	—	—	1	—	—
	160	25	35	—	1	1½	—
	170	18	27	—	2½	3½	—
	180	12	21	27	6½	8	10
	200	4½	13	17	20	21	22
	220	2	5	10	39	39	39
Imperial Gp. (*185)	160	31	—	—	3	—	—
	180	15	21	25	8	11	12
	200	7½	11	16	18	24	27
	220	2½	5	—	37	40	—

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*250)	260	20	28	37	18	20	25
	280	12	18	28	35	35	38
	293	8	14	—	45	45	—
	300	—	—	17	—	—	55
	323	5	10	—	75	75	—
	353	3	7	—	105	105	—
Lonrho (*167)	140	34	—	—	1½	—	—
	160	15	20	24	4	5½	9½
	180	4½	9	13	15	17	21
	200	1½	—	—	34	—	—
P. & O. (*363)	300	73	—	—	2	—	—
	330	45	62	68	5	6	9
	360	22	35	45	10	15	22
	390	10	18	25	30	33	35
	420	2	—	—	58	—	—
Racal (*176)	180	16	24	32	11	13	16
	200	8	13	20	26	28	30
	220	4	6	—	45	45	—
	240	1½	—	—	65	—	—
R.T.Z. (*569)	550	46	67	68	9	17½	26
	600	20	32	40	35	47	57
	650	8	17	—	85	87	—
	700	3	8	—	135	137	—
Vaal Reefs (*$89)	80	13	16	18	3¼	4¾	5¾
	90	7	8½	11½	8	10½	12½
	100	3½	5¼	6½	13½	16½	17
	110	1¼	2	—	22½	23½	—
Ex 10% 1989 (*£96)	90	5⅛	—	—	0⅛	—	—
	92	5⅛	4½	—	0⅛	0⅛	—
	94	2⅛	2⅛	3⅛	0⅛	0⅛	0⅛
	96	0⅞	1⅜	2⅛	0⅞	1	1⅛
	98	0⅛	—	—	2⅞	—	—

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
STR (*356)	350	14	35	42	5	18	25
	375	3	26	35	20	33	38
	390	—	16	23	—	45	46
Beecham (*343)	330	12	28	35	5	9	12
	360	2	12	20	25	28	33
	390	1	5	10	55	58	55
Bass (*539)	500	45	70	82	2	6	9
	550	9	30	45	15	32	37
	600	2	13	25	62	67	75
De Beers (*$5.10)	420	95	115	—	2	8	—
	460	55	86	105	3	23	32
	500	20	50	75	12	45	53
	550	2	25	45	45	70	90
GKN (*231)	180	53	61	—	2	2	—
	200	33	42	—	2	2	—
	220	15	25	33	3	6	10
	240	4	12	19	12	15	18
Hanson (*197)	182	16	27	—	1½	6	—
	195	7	18	25	6	12	15
	215	2½	10	17	22	25	27
	235	0¼	6	11	42	43	45
Jaguar (*285)	280	12	27	36	7	18	23
	300	3	17	24	17	28	35
	330	1	8½	12	45	47	48
	360	0½	2	—	75	76	—
Tesco (*245)	236	12	27	33	3	6	10
	256	2	12	23	14	17	22
	280	1	5	11	38	40	43
FT-SE Index (*1270)	1200	83	95	—	1½	15	—
	1250	35	57	72	5	29½	42
	1300	8	35	47	32	52	67
	1350	2	22	35	82	90	100
£/$ (*127.68cts)	120	7.80	9.00	10.40	0.10	2.55	5.00
	125	2.80	5.10	7.65	0.10	4.60	7.30
	130	0.10	3.90	5.30	2.30	7.60	9.90
	135	—	2.15	3.60	—	11.00	13.30

June 13 Total contracts 8,054 Calls 4,631. Puts 4,423

* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	40	25	—	—	—	—	$318.50
GOLD C	$320	625	11.50	1	—	23.50	1.28	"
GOLD C	$340	38	4.50	35	9	11	1.17	"
GOLD C	$360	—	—	40	4.10	7	—	"
GOLD P	$280	110	1.50	21	—	4	—	"
GOLD P	$300	93	3.60	—	—	—	—	"
GOLD P	$320	100	9	10	25	15	—	"
		June		Sept.		Dec.		
SILVER C	$600	10	30	—	—	—	—	$624
SILVER C	$700	—	—	—	—	10	30 B	"
SILVER C	$600	—	—	10	20	—	—	"
$/FL C	Fl.340	45	5.50	3	14.50 A	—	—	Fl.345.55
$/FL C	Fl.350	26	1	—	—	—	—	"
$/FL C	Fl.355	31	0.20	—	—	1	11	"
$/FL C	Fl.375	—	—	20	3 A	55	—	"
$/FL C	Fl.325	55	0.10	—	—	—	5A	"
$/FL C	Fl.330	53	0.10	—	—	—	—	"
$/FL C	Fl.335	7	0.30	17	7.40	—	—	"
$/FL P	Fl.340	82	1	3	9.60	5	14 B	"
$/FL P	Fl.345	71	3 A	1	12.20 A	—	—	"
$/FL P	Fl.350	635	6.50	561	14.50	—	—	"
$/FL P	Fl.360	601	15	506	20.50	—	—	"
$/FL P	Fl.365	499	18.50	500	23.50 B	—	—	"
$/DM C	DM.310	—	—	100	7.70	—	—	DM308.25
£/$ C	$120	46	7.30 B	1	8.90 B	—	—	$127.76
£/$ C	$130	200	0.70	—	—	—	—	"
£/$ P	$125	—	—	—	—	50	7.40 A	"
		Jul.		Oct.		Jan.		
ABN C	Fl.460	230	4.40	106	10	13	13	Fl.446.50
ABN P	Fl.440	231	4	32	12.50	3	15 A	"
AEGN C	Fl.100	206	2.80	150	4.80 A	32	6.20	Fl.99
AEGN P	Fl.90	—	—	120	1.30	—	—	"
AH C	Fl.230	53	4	21	10.80	—	—	Fl.230
AH P	Fl.220	189	1.10	4	4 A	—	—	"
AKZO C	Fl.110	771	2.10	643	5.70	167	7.50	Fl.107.40
AKZO P	Fl.110	435	4	344	5.20 B	54	6.70	"
AMRO C	Fl.80	135	1.10	243	2.50	25	3.80	Fl.77.30
AMRO P	Fl.75	215	1	136	1.60	9	2.70	"
GIST C	Fl.180	48	7.80 B	13	11	—	—	Fl.186.5
GIST P	Fl.180	12	1.80	—	—	—	—	"
HEIN C	Fl.160	10	0.50	—	—	14	3.80	Fl.148.50
HEIN P	Fl.140	60	0.60	2	2	2	2	"
HOOG C	Fl.60	137	1.70	95	3.80	17	5.20 B	Fl.60
HOOG P	Fl.60	411	1.10	153	2.40 B	9	3	"
KLM C	Fl.60	1264	2.10	160	4	22	5.10	Fl.59.70
KLM P	Fl.60	517	1.80	185	3.70	3	4	"
NEDL C	Fl.150	37	4.30	15	8.80	—	—	Fl.161
NEDL P	Fl.160	47	2.80	31	5	12	6	"
NATN C	Fl.65	20	1.50	62	3.10	—	—	Fl. 65
NATN P	Fl.65	28	1	5	2.80 A	2	3.20	"
PEO P	Fl.6818	42	850	—	—	—	—	Fr.5870
PETR P	Fr.6,800	—	—	54	590	—	—	"
PHIL C	Fl.55	454	0.60	1341	2.10 A	667	3	Fr.51.30
PHIL P	Fl.50	898	0.70	598	1.80	114	1.90	"
RD C	Fl.200	751	1.40	379	3.80	119	6.60	Fl. 190.30
RD P	Fl.190	886	3.10	505	6.80	100	8	"
ROBE C	Fl.70	—	—	50	6.70	10	8.20	Fl. 74.70
ROBE P	Fl.75	10	1	135	1.80	25	2	"
UNIL C	Fl.360	13	1.30	23	5	—	—	Fl.345
UNIL P	Fl.340	82	4	59	7.30	—	—	"

TOTAL VOLUME IN CONTRACTS: 35,517

A=Ask B=Bid C=Call P=Put

WORLD STOCK MARKETS

WALL STREET

Early sharp rebound: up 7.28

STOCK MARKET prices rebounded sharply on Wall Street yesterday, breaking out of a losing streak that spanned five sessions.

By 1 pm the Dow Jones Industrial Average was up 7.28 at 1,297.38, reducing its loss on the week to 19.04, while the NYSE All Common index, at $108.24, gained 55 cents on the day, but was still off $1.73 on the week. Advances led declines by a three-to-two margin in a turnover of 72m shares.

Barry Berlin, of Shearson Equity Management, said the selloff of the past two sessions was due to IBM's announcement that 1985 earnings were running behind 1984 results. But he said the selling pressure was "not a major trend."

The Stock Market should be able to stabilise and eventually work higher. He said the morning's report that Producer prices increased 0.2 per cent in May was helpful.

IBM, which fell $7⅞ over the previous two sessions, regained $1⅛ to $119⅞.

Sperry led the active list, off $2 to $54⅞. Observers said there was doubt that a merger could be concluded with Burroughs, down $⅞ to $55⅜.

Apple Computer lost $⅜ to $14½ in Over-the-Counter trading—it said it expects a loss in the third quarter as a result of consolidation expenses. Apple also said it will reduce its workforce by 1,200 jobs.

Elsewhere in the Computer group, Digital Equipment improved $1⅜ to $92⅞ and Cray Research moved up $⅞ to $78¼.

Advanced Micro Devices gave way $⅜ to $24 but Texas Instruments were up $1½ to $93⅜.

Reichhold Chemicals were down $1⅛ to $36⅜—it said sales through the first four months of 1985 were lower than expected.

THE AMERICAN SE Market Value index rose 0.51 to 225.40, reducing its loss on the week to 2.74. Volume 4.25m shares.

Texas Air led the Actives, up $⅜ to $13½. TWA, which agreed to be acquired by Texas Air, were off $½ to $19¼ on the NYSE.

Closing prices for North America were not available for this edition.

CANADA

Stocks, in tandem with Wall Street, rose modestly by mid-session, shaking off a six-session slump.

The Toronto Composite index was up 3.8 to 2,703.3. Oil and Gas rose 14.5 to 3,199.5 and Golds 44.6 to 3,606.4, while Metals and Minerals held unchanged at 1,894.9.

TOKYO

Share prices eased in moderately active trading as the market again lacked a clear direction and buying remained scattered and speculative.

The Nikkei Dow Market Average closed down another 31.91 at 12,685.25, showing little movement after falling about 27 points in the first hour of trading. Turnover 540m (580m) shares.

Wall Street's sharpest fall of the year yesterday kept Blue Chips soft and "large capital" shares fell back on profit-taking.

But most Drugs and some Domestic-Orientated shares firmed.

The broader based SE index lost 2.00 to 1,006.76 and the second section closed lower on volume of 18m (17m) shares.

Blue Chips did not fall as much as expected after Wall Street's plunge, showing that most sellers had already sold as much as possible at the present price levels, dealers added.

Mitsubishi Heavy fell Y7 to 318 on profit-taking after rising for three consecutive days, but Fuji Heavy rose Y27 to 650 on lingering enthusiasm for "large capital" shares, dealers said.

Recent U.S. requests that Japan increase its defence spending also helped boost selected military hardware related shares, dealers reported.

GERMANY

Leading shares recovered strongly and closed generally firm in hectic Bourse trading from Thursday's bout of profit-taking. Car maker VW and Computer firm Nixdorf each scored strong gains and pulled the broader market up.

Rumours about President Reagan's health unsettled trading in the last half-hour of the bourse session, with the initial reaction to sell stocks heavily in parallel with the falling dollar. But as the rumours were denied by the White House share prices recovered again.

The Commerzbank index of 60 leading shares, calculated at mid-session, slipped modestly to 1,365.8 from 1,370.9 Thursday.

Nixdorf, which Thursday announced a one-for-three rights issue at DM 300, saw heavy Foreign demand. It was trading ex a DM 9 dividend, but still closed at DM 590, unchanged on Thursday's final level. VW advanced DM 10.2 to 285.3, with dealers detecting interest particularly out of Zurich.

Motors closed generally firm, with BMW adding DM 2.50 at 416.50.

Deutsche lost DM 3 to 541.5 in Banks.

Chemicals were narrowly mixed.

Engineerings also closed mixed, but reflecting the general trend showed a marked recovery on weaker pre-Bourse levels.

HONG KONG

Share prices partially recovered as selling pressure subsided towards the close, but were still sharply below Thursday's final levels.

Brokers attributed the late rally to rumours that one local bank would be acquired by a consortium of banks. Brokers expect a temporary stabilising effect if the rumours are true.

The Hang Seng Index ended 40.94 lower at 1,441.94, after dipping 52 points at the morning close. Turnover HK$324.90m (HK$354.6m).

A spokesman for HK Bank, off 15 cents at HK$7.30, which figured in the acquisition rumoursb as leading the consortium, later denied that it is participating in any effort to launch a bid for Ka Wah Bank, down at HK$1.05.

News that HK Land, off 15 cents at HK$5.20, has agreed to sell the Excelsior Hotel was discounted.

AUSTRALIA

Shares closed easier but off their lows as bargain hunters moved into the Resource sector in late trading.

A 16-point overnight fall in the Wall Street's Dow Jones index, disappointing trade figures, the fluctuating Australian dollar and poor commodity prices overshadowed markets.

The Al Ordinaries index coiled 6.8 lower at 840.2. All Industrials 7.9 at 1216.2. Metals and Minerals 5.1 at 493.6. Al Resources 5.6 at 549.0. Solid Fuels 3.5 at 402.8 and Oil and aGs 9.5 at 597.8. The Gol dindex dropped another 18.9 to 797.0 after a 23 point fall Thursday.

National turnover was 69.2m shares valued at $A53m. Falls outnumbered rises 60 to 23.

SINGAPORE

Prices continued to drift lower on selling pressure in moderate selective trading.

The Straits Times Industrial Index fell 6.21 to 778.64 and the SE All Share Index shed 1.88 to 276.543. Turnover 8.2m (7.9m) shares.

Pan Electric led the actives at S$2.13, down 10 cents on 826,000 units. Faber Merlin rose half a cent to 89 cents with 615,000 shares traded, while Promet shed 1 cent to S$1.39 with 406,000 units exchanged.

AMSTERDAM

Dutch share prices continued lower over a broad front, although many stabilised at the morning opening levels.

The usual caution by professionals ahead of the weekend limited activity. The weaker U.S. dollar was another depressing factor.

Insurer Aegon's two-for-one share split was effective yesterday. The shares traded at Fl 98.10, effectively slightly below Thursday's 196.50.

Philips attracted some buying interest and rose Fl 1.1 to 51.3.

Banks were mixed, with ABN down Fl 1 at 446.5 while NMB were Fl 1.20 higher at 187.00.

SWITZERLAND

Domestic stock prices were easier in moderate trading.

Only the Industrial sector showed a clearly lower trend, while Banks and Insurances finished little changed.

Indices

NEW YORK

DOW JONES

	June 13	June 12	June 11	June 10	June 7	1985 High	1985 Low	Since Compil'n High	Since Compil'n Low
♦Industri'ls	1290.10	1306.34	1315.64	1318.44	1316.42	1327.28 (6/6)	1184.96 (4/1)	1327.28 (6/6/85)	41.22 (2/7/32)
H'me Bnds	79.68	79.94	79.92	80.24	80.21	80.24 (10/6)	72.27 (29/3)	—	—
Transport.	629.68	642.21	651.33	655.79	653.45	659.83 (6/6)	553.05 (4/1)	659.83 (6/6/85)	12.32 (8/7/32)
Utilities	162.91	163.76	163.73	163.67	163.88	164.75 (17/5)	146.54 (4/1)	164.75 (17/5/85)	10.5 (28/4/42)
TradingVol 000·†	167,030	97,700	102,060	87,940	99,630	—	—	—	—

♦Day's High 1308.13 (1318.31) low 1285.39 (1300.74)

	June 7	May 31	May 24	year ago (approx)
Industrial div. yield %	4.66	4.65	4.70	4.98

STANDARD AND POOR'S

	June 13	June 12	June 11	June 10	June 7	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Indust'ls	240.54	207.19	208.69	209.37	209.39	211.13 (6/6)	128.24 (4/1)	211.13 (6/6/85)	3.62 (30/6/32)
Comp's'te	185.33	187.61	189.04	189.51	189.68	191.06 (6/6)	163.68 (4/1)	191.06 (6/6/85)	4.40 (1/6/32)

	June 5	May 29	May 22	year ago (approx)
Industrial div. yield	3.71	3.76	3.74	4.18
Industrial P/E ratio	11.70	11.58	11.64	10.98
Long Gov. Bond yield	10.05	10.60	10.75	13.44

N.Y.S.E. ALL COMMON

June 13	June 12	June 11	June 10	1985 High	1985 Low
107.69	108.57	109.59	109.83	110.69 (6/6)	94.60 (4/1)

Rises and Falls

	June 13	June 12	June 11
Issues Traded	2,012	2,023	2,024
Rises	468	617	732
Falls	1,107	959	813
Unchanged	437	447	479
New Highs	(u)	109	116
New Lows	(u)	21	19

TORONTO	June 13	June 12	June 11	June 10	1985 High	1985 Low
Metals & Minerals	1894.9	1906.8	1926.8	1935.8	2190.07 (15/2)	1896.0 (4/1)
Composite	2699.5	2709.1	2717.2	2725.8	2766.1 (6/6)	2348.5 (6/1)
MONTREAL Portfolio	132.14	132.78	132.96	133.46	135.56 (6/6)	117.00 (4/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Sperry Corpn.	4,376,300	58½	−⅞	Control Data	1,375,800	26	−1⅞
IBM	3,763,300	118⅞	−2⅞	Bankamerica	1,355,000	19⅞	−⅞
Nabisco	1,698,800	81⅞	—	TWA	1,319,700	20	+⅞
Dtl Ed.	1,645,700	17⅞	−⅞	Digital Equip.	1,263,000	91⅞	−2⅞
Am. Tel. & Tel.	1,622,200	23	−⅞	Merrill Lynch	1,194,300	30⅞	−⅞

	June 14	June 13	June 12	June 11	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	840.2	847.8	854.6	858.9	884.5 (20/5)	715.5 (7/1)
Metals & Minls. (1/1/80)	493.6	498.7	509.5	511.6	585.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	104.85	105.44	102.75	101.90	104.55 (14/6)	85.21 24/1
BELGIUM						
Brussels SE (1/1/80)	2326.65	2340.27	2338.45	2349.46	2384.12 (5/6)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	—	191.82	192.54	195.56	195.50 (11/6)	168.44 (8/1)
FRANCE						
CAC General (31/12/82)	225.50	226.7	229.4	230.5	233.1 (31/5)	190.9 (3/1)
Ind Tendance (28/12/84)	125.1	127.9	128.9	129.5	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	465.25	464.64	470.28	464.66	470.28 (12/6)	382.58 (3/1)
Commerzbank (1/12/53)	1365.8	1370.9	1388.3	1369.8	1388.3 (12/6)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1441.94	1482.91	1502.34	1492.13	1647.88 (17/5)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	324.28	322.85	323.31	325.84	325.84 (11/6)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12685.2	12718.8	12748.0	12758.9	12790.6 (30/5)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1006.76	1008.76	1009.42	1008.85	1009.42 (12/6)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	206.9	208.7	211.6	215.8	214.5 (7/6)	185.6 (3/1)
ANP-CBS Indust (1970)	172.4	173.9	176.9	178.8	178.8 (11/6)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	529.45	535.27	538.51	540.02	545.87 (3/6)	288.19 (2/1)
SINGAPORE						
Straits Times (1966)	778.64	784.85	791.52	797.97	852.65 (7/3)	764.38 (19/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	962.3	966.5	983.0	1140.8 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	—	960.2	962.0	969.8	976.8 (24/5)	787.1 7/5
SPAIN						
Madrid SE (28/12/84)	108.58	109.15	109.25	109.68	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (11/58)	1524.17	1538.76	1545.46	1551.14	1496.98 (11/2)	1524.7 (14/6)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	432.7	435.7	437.6	488.4	488.4 (7/6)	386.7 (6/1)
WORLD						
Capital Intl. (1/1/70)	—	209.5	211.2	212.2	214.5 (7/6)	184.9 (4/1)

** Saturday June 8: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3. and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases

The dollar last ground towards the end of the day amid speculation of an imminent cut in the U.S. discount rate. This was sparked off by lower than expected industrial production figures, following Thursday night's smaller rise in M1 money supply. The dollar had fallen sharply just before lunch on rumours, later denied that President Reagan was seriously ill. However the dollar finished above its worst levels at DM 3.0565 from DM 3.0995 and after a low of DM 3.0400 and Y248.70 compared with Y249.80.

Elsewhere it dipped to SwFr 2.5775 from SwFr 2.6095 and FFr 9.31 fro mFFr 9.4425. On Bank of England figures, its exchange rate index fell to 145.0 from 146.1.

Sterling finished higher with an index of 79.8 up from 79.5. It touched a high of 80.0 at noon when the dollar was suffering most. Against the U.S. unit it finished at $1.2810 from $1.2645 and DM 3.9125 compared with DM 3.9175. It rose against the yen to Y318.5 from Y316.0 but eased against the Swiss franc to SwFr 3.29 from SwFr 3.30 and FFr 11.9250 compared with FFr 11.9350.

£ IN NEW YORK

	June 14	Prev. close
£ Spot	$1.2800-1.2810	$1.2660-1.2670
1 month	0.51-0.48 pm	0.51-0.50 pm
3 months	1.44-1.41 pm	1.46-1.43 pm
12 months	3.95-3.80 pm	3.95-3.88 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	June 14	Previous
8.30 am	79.5	79.3
9.00 am	79.4	79.3
10.00 am	79.5	79.3
11.00 am	79.6	79.3
Noon	80.0	79.4
1.00 pm	79.7	79.3
2.00 pm	79.8	79.4
3.00 pm	79.7	79.4
4.00 pm	79.8	79.5

POUND SPOT—FORWARD AGAINST POUND

June 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U S	1.2640-1.2840	1.2805-1.2815	0.51-0.48c pm	4.64	1.47-1.42pm	4.51
Canada	1.7337-1.7547	1.7515-1.7545	0.41-0.32c pm	2.50	1.22-1.08pm	2.62
Nethlnd.	4.38½-4.42½	4.40½-4.41½	2¼-1⅞c pm	5.44	6¼-6pm	5.56
Belgium	78.76-79.15	78.85-78.95	27-21c pm	3.66	75-65pm	3.56
Denmark	14.01½-14.09¼	14.05¾-14.06¾	3¼-2¼ore pm	2.24	8½-7¼pm	2.22
Ireland	1.2469-1.2516	1.2484-1.2494	0.08p pm-0.09dis	−0.05	0.34pm-.09d	−0.40
W. Ger	3.90¼-3.93	3.90¼-3.91¾	2¼-2⅛pf pm	6.72	6⅝-6⅛pm	6.65
Portugal	220¾-226½	222½-225½	160-545c dis	−18.88	495-1440dis	−17.28
Spain	222-223¾	222¾-223¾	35-60c dis	−2.55	160-205dis	−3.27
Italy	2,486¼-2,507	2,491½-2,492½	par-3 lire dis	−0.72	5-10dis	−1.20
Norway	11.19½-11.31¾	11.26¾-11.27¾	¼ore pm-¼ dis	−0.13	par-⅞dis	−0.16
France	11.88¼-11.95¾	11.92-11.93	2½-1⅞c pm	2.20	6⅝-5¼pm	1.95
Sweden	11.27¼-11.38¾	11.34¼-11.35¼	3½-4½ore dis	−4.23	10⅞-11½dis	−3.97
Japan	315¾-321¼	318-319	1.70-1.60y pm	6.22	4.75-4.65pm	5.90
Austria	27.38-27.77	27.66-27.77	14½-13½gro pm	5.95	39⅞-36¾pm	5.52
Switz.	3.27½-3.31¼	3.28½-3.29¼	2-1⅞c pm	7.07	5⅞-5⅝pm	6.99

Belgian rate is for convertible francs. Financial franc 79.70-79.80. Six-month forward dollar 2.80-2.55c pm, 12-month 4.10-3.95c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2640-1.2840	1.2805-1.2815	0.51-0.48c pm	4.64	1.47-1.42pm	4.51
Ireland†	1.0120-1.0265	1.0235-1.0250	0.45-0.35c pm	4.74	1.20-0.90pm	4.15
Canada	1.3680-1.3705	1.3680-1.3690	0.23-0.26c dis	−2.15	0.63-0.68dis	−1.91
Nethlnd.	3.4300-3.4865	3.4430-3.4440	0.22-0.19c pm	0.71	0.90-0.86pm	1.01
Belgium	61.55-62.39	61.55-61.65	4½-5½c dis	−0.96	15-17dis	−1.03
Denmark	10.95-11.10½	10.95¾-10.96¾	2-2½ore dis	−2.45	4½-5dis	−1.72
W. Ger.	3.0400-3.0960	3.0560-3.0570	0.56-0.51pf pm	2.09	1.74-1.69pm	2.23
Portugal	174½-177	174½-176	200-500c dis	−23.90	600-1360dis	−22.19
Spain	174-176	174¾-175¼	100-115c dis	−7.37	375-335dis	−7.42
Italy	1,942-1,968½	1,943-1,944	x9-9½ lire dis	−5.67	28¾-29dis	−5.85
Norway	8.77-8.89¼	8.81½-8.81¾	3¼-3¾ore dis	−4.76	10¼-10¾dis	−4.76
France	9.30½-9.43	9.30¾-9.31¼	1.92-2.02c dis	−2.53	6.05-6.35dis	−2.65
Sweden	8.86½-8.92½	8.86¾-8.86¾	6¼-6¾ore dis	−8.78	19-19½dis	−8.67
Japan	248.05-249.75	248.65-2.4875	0.34-0.30y pm	1.54	0.95-0.90pm	1.49
Austria	21.43½-21.73½	21.50-21.60	2½-1¾gro pm	1.18	6¼-4¾pm	1.02
Switz.	2.5650-2.6080	2.5770-2.5780	0.53-0.47c pm	2.32	1.66-1.60pm	2.52

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.20-62.35.

OTHER CURRENCIES

June 14	£	$		£ Note Rates
Argentina Peso	999.57-1001.40	783.05-783.86	Austria	27.40-27.70
Australia Dollar	1.9140-1.9180	1.4985-1.5010	Belgium	78.90-79.70
Brazil Cruzeiro	7,263-7,295	5,690-5,710	Denmark	13.98-14.12
Finland Markka	8.1060-8.1410	6.3860-6.3880	France	11.88-12.00
Greek Drachma	171.20-174.92	158.33-158.17	Germany	3.90-3.94
HongKong Dollar	9.9130-9.9230	7.7695-7.7715	Italy	2480-2515
Iran Rial	119.05*	93.20*	Japan	315-319
KuwaitDinar(KD)	0.3870-0.3875	0.30325-0.30340	Netherlands	4.39-4.843
Luxembourg Fr	78.85-78.95	61.55-61.65	Norway	11.30-11.32
Malaysia Dollar	3.1440-3.1490	2.4640-2.4670	Portugal	215-230
New Zealand Dlr.	2.8100-2.8180	2.1995-2.2045	Spain	215-225
Saudi Arab Riyal	4.6589-4.6635	3.6498-3.6505	Sweden	11.26-11.36
Singapore Dollar	2.8310-2.8360	2.2190-2.2230	Switzerland	3.28¼-3.31¼
Sth African Rand	2.5085-2.5260	1.9695-1.9730	United States	1.26-1.28
U.A.E. Dirham	4.6873-4.6922	3.6720-3.6730	Yugoslavia	335-355

* Selling rate.

EXCHANGE CROSS RATES

June 14	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.281	3.913	318.5	11.93	3.290	4.410	2492.	1.753	78.90
U.S. Dollar	0.781	1.	3.057	248.7	9.310	2.578	3.444	1944.	1.368	61.60
Deutschemark	0.256	0.327	1.	81.41	3.048	0.841	1.127	636.9	0.448	20.17
Japanese Yen 1,000	3.140	4.022	12.28	1000.	37.44	10.33	13.85	7824.	5.504	247.7
French Franc 10	0.839	1.074	3.281	267.1	10.	2.759	3.698	2090.	1.470	66.16
Swiss Franc	0.304	0.389	1.189	96.81	3.625	1.	1.340	757.4	0.533	23.98
Dutch Guilder	0.227	0.290	0.887	72.22	2.704	0.746	1.	565.1	0.398	17.89
Italian Lira 1000	0.401	0.514	1.570	127.8	4.785	1.320	1.770	1000.	0.703	31.66
Canadian Dollar	0.570	0.731	2.232	181.7	6.803	1.877	2.516	1422.	1.	45.01
Belgian Franc 100	1.267	1.624	4.959	403.7	15.11	4.170	5.589	3158.	2.222	100.

MONEY MARKETS

Little change

Interest rates were little changed in London yesterday in generally quiet pre-weekend trading. Three-month eligible bank bills were bid at 11⅞ per cent, unchanged from Thursday while three-month interbank money finished at 12$\frac{1}{16}$ per cent from 12⅛ per cent. Weekend interbank money opened at 12½ per cent and eased gradually before falling sharply during the afternoon down to around 3 per cent.

UK clearing banks base lending rate 12½ per cent since June 12

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £334m and the unwinding of previous sale and repurchase agreements a further £413m. There was also a rise in the note circulation of £250m. These were partly offset by Exchequer transactions which added £450m and banks' balances brought forward £50m above target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £152m and comprised purchases of £1m of local authority bills in band 1 (up to 14 days) and £6m of eligible bank bills all at 12⅜ per cent and £92m of eligible bank bills in band 2 (15-33 days) at 12⅜ per cent. In band 3 (34-63 days), it bought £1m of Treasury bills and £40m of eligible bank bills at 12¼ per cent and in band 4 (64-91 days) £12m of eligible bank bills at 12 per cent. The shortage was later revised to £650m before taking into account the early help but the Bank gave no further assistance in the morning.

In the afternoon the forecast was revised once more, this time to a shortage of around £700m and the Bank gave additional assistance of £556m, comprising purchases of £291m of eligible bank bills in band 2 at 12⅜ per cent, £219m in band 3 at 12¼ per cent and £46m in band 4 at 12 per cent.

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period May 8 to June 4 (inclusive): 12.677 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association), 13 per cent from June 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.8224 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¼ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from June 11. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 14)

Three months U.S. dollars

bid 7 11/16 — offer 7 11/16

Six months U.S. dollars

bid 7 7/8 — offer 8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

June 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12⅞	7$\frac{3}{16}$-7$\frac{5}{16}$	9⅝-9⅞	6⅞-7	1¼-1¾	5¾-5⅞	10$\frac{1}{16}$-10$\frac{5}{16}$	13-14	8⅜-8⅝	8½-8¾	6-6¼	9¾-10¼
7 days' notice	12½-12⅝	7$\frac{3}{16}$-7$\frac{5}{16}$	9⅝-9⅞	6⅞-7	1⅝-1⅞	5⅜-5½	10⅛-10⅜	13½-14½	8⅜-8⅝	8½-8¾	6$\frac{5}{16}$-6$\frac{7}{16}$	9¾-10¼
Month	12$\frac{9}{16}$-12⅝	7½-7⅝	9½-9¾	6¾-6⅞	5⅛-5¼	5⅜-5½	10⅛-10⅜	13⅝-13⅞	8¾-9	8¾-9	6$\frac{5}{16}$-6$\frac{7}{16}$	10-10½
Three months	12$\frac{1}{16}$-12$\frac{3}{16}$	7$\frac{9}{16}$-7$\frac{11}{16}$	9⅝-9⅞	6⅝-6¾	5$\frac{7}{16}$-5$\frac{9}{16}$	5$\frac{9}{16}$-5$\frac{11}{16}$	10¼-10⅝	13½-15⅛	8¾-9	8¾-9	6$\frac{5}{16}$-6$\frac{7}{16}$	9¾-10¼
Six months	12⅛-12¼	7$\frac{11}{16}$-7$\frac{13}{16}$	9⅝-9⅞	6⅝-6¾	5$\frac{7}{16}$-5$\frac{9}{16}$	5$\frac{9}{16}$-5$\frac{11}{16}$	10$\frac{5}{16}$-10$\frac{9}{16}$	13⅝-13¾	8⅞-9⅛	8⅞-9⅛	6¼-6⅜	9½-10
One year	11⅞-12	8$\frac{1}{16}$-8$\frac{3}{16}$	9⅝-9⅞	6⅝-6¾	5$\frac{7}{16}$-5$\frac{9}{16}$	5⅝-5¾	10$\frac{7}{16}$-10$\frac{11}{16}$	13¾-14⅛	9⅛-9⅜	8⅞-9⅛	6$\frac{5}{16}$-6⅜	9⅝-9⅞

Asian $ (closing rates in Singapore): Short-term 7⅝-7¾ per cent; seven days 7⅝-7¾ per cent; one month 7⅝-7¾ per cent; three months 7¾-7⅞ per cent; six months 7⅞-8 per cent; one year 8$\frac{5}{16}$-8$\frac{7}{16}$ per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 9¾-10 per cent; four years 10-10¼ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

REVIEW OF THE WEEK

London zinc values fall to 30-month low

BY OUR COMMODITIES STAFF

ZINC VALUES on the London Metal Exchange this week dropped to the lowest level since October 1983 as the market came under renewed pressure. The three months quotation lost £8.0 yesterday to close at £572.25 a tonne, £22.25 down on a week ago.

In March a shortage of supplies forced zinc well above £800 but since then a downturn in consumer demands, aggravated by the normal seasonal decline in buying interest, has undermined the market.

Another cut in the European zinc producer price of $50 to £880 a tonne was announced by Metallgesellschaft, the West German smelter on Thursday and was quickly followed yesterday by A. M. and S. Europe, the sole UK smelter, and Samin of Italy.

This is the second reduction in the European producer quotation within a month. One U.S. producer, Amex, cut its domestic selling price by 2 cents to 44 cents a lb, but the others appear to be waiting until the results of the U.S. Mint buying becomes known next week.

Aluminium prices also fell to the lowest levels since October last year. The three months quotation ended the week £27.75 down at £824.75 a tonne.

The decline came in spite of reports of falls both in world stocks and LME warehouse holdings of aluminium. The drop of 17,000 tonnes in non-communist world stocks was viewed as disappointing in view of the severe production cuts in recent months both in the U.S. and Europe.

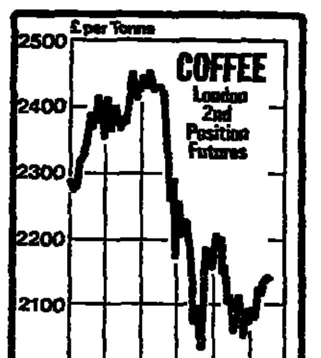
Copper yesterday lost virtually all the gains made earlier in the week following the stronger trend in sterling against the dollar, accelerated at one stage in the morning by widespread rumours, later denied, that President Reagan had suffered a heart attack. Warehouse stocks of copper are expected to show a modest increase, after unexpectedly rising by over 5,000 tonnes the previous week.

Lead enjoyed a brief flurry this week with a shortage of nearby supplies forcing the cash price to a substantial premium of £30 above three months quotation. The market subsequently settled back, however, and yesterday cash lead fell back to £307.5 a tonne, still £8.5 up on the week, while the three months quotation showed little change at £303.5.

London's coffee futures market reflected the ebb and flow of Brazilian frost fears this week before ending £15 up on balance in the September position at £2,140.50 a tonne.

Little damage was reported following last weekend's cold snap and with temperatures in the coffee belt rising futures values eased somewhat early in the week. The falls were limited, however, by the seasonal increase in nervousness with the approach of July—the peak frost risk period.

The immediate threat of frost was revived towards the end of the week by a new spate of pessimistic weather forecasts but fears appeared to be receding again yesterday as the September position declined £22.50 a tonne.



Cocoa futures values were quietly firmer early on in the week but fell back sharply on Thursday to the lowest level of the year reflecting technical weakness in the New York market on Wednesday night. The September position ended the week £29 down at £1,737.50 a tonne after regaining £3.50 yesterday.

A new market report from London traders Gill and Duffus raised the estimate of the world 1984-85 production surplus to 98,000 tonnes from 70,000 tonnes forecast in March.

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

COPPER

LEAD

NICKEL

ZINC

SILVER

TIN

(9586-7): settlement 9695 (9728). Final Kerb Close: 9495-500. Turnover: 1,415 tonnes. Straits tin $m29.50 (29.40) kilo.

Standard			
Cash	9674-5	−52.5	9695/9665
3 months	9501-5	−82.5	9580/9490

Official closing (am): Cash 9685-700 (9740-5); three months 9535-40 (9590-...)

FREIGHT FUTURES

COCOA

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1787-1788	+14.0	1788-1772
Sept.	1737-1738	+3.5	1748-1724
Dec.	1704-1705	+1.0	1718-1695
Mar.	1715-1717	−4.5	1730-1705

ment East Coast, June 146.50, sellers. Barley: English Feed fob, July/Aug 97.50, Aug 98.50, Oct/Dec 104.50, sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed wheat: E. Mids. 117.10; N. East 111.50; Feed barley: S.E. Mids. 118.20; N. East 112.10. The UK monetary coefficient for the week beginning Monday June 24 is expected to remain unchanged.

POTATOES

SOYABEAN MEAL

GRAINS

PIGMEAT

COFFEE

SUGAR

RUBBER

OIL

GOLD

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

AMERICAN MARKETS

PRECIOUS METALS were firmer reflecting the lack of Fed activity despite a low Fed funds rate, reports Heinold Commodities. Copper benefited from the firmer tone in outside markets along with continued declines in exchange stocks. Aluminium was lacklustre on continuing concern over the level of primary stocks. Sugar remained steady on speculative buying. An easing of frost fears led to a weaker tone in coffee. Cocoa came under pressure from reports of precipitation in West Africa. Cotton weakened on poor demand and favourable crop prospects. Forecasts for precipitation in the major maize and soyabean areas weakened values. Wheat steadied on delays to the harvest. The energy complex was weak off weak demand in cash markets and expectations of good product imports.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	4510	—	—	4500
July	4525	4520	4510	4515
August	4580	—	—	4550
Sept	4696	4595	4580	4585
Dec	4700	4695	4680	4690
Jan	4735	—	—	4725
March	4805	4790	4790	4795

CHICAGO

LONDON STOCK EXCHANGE

S. E. DEALINGS

MARKET REPORT

Equity markets stage good rally after early losses but index shows Account fall of 23.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

One of the worst Accounts for several months in London equity markets ended with a late revival.

However, dealers were only too glad to close their books after a fortnightly session which saw a marked reversal of the recent upward trend. The huge drain on funds following Hanson Trust's £519m rights issue and the heavy oversubscription of the Abbey Life offer for sale together with the prospect of a prolonged spell of high interest rates were mainly responsible for the turn-round.

Wall Street's sharp overnight setback, which reflected continuing concern about the outlook for corporate profits following IBM's growth warning prompted a dull opening in the UK equity leaders and caused a further shakeout in high technology stocks.

Lower opening levels in the blue chip industrials failed to deter early selling and quotations drifted further before staging quite a strong recovery after 3.30 pm when dealings are permitted without penalty for the new Account which starts on Monday. Firmer opening indications yesterday from Wall Street contributed towards the rally.

Down 6.1 at 3 pm, the Financial Times Ordinary share index recovered to close 2.1 up on balance at 979.1. Over the Account, however, the index recorded a fall of 23.4.

The takeover scene was enlivened by news of a bid for Arthur Bell from Guinness.

Encouraged by sterling's firmness and an early improvement in U.S. bonds, Government securities came to life during the late afternoon with long-dated stocks extending earlier modest gains to half a point at the close following the appearance of a few buyers. Short-dated issues registered gains ranging to ⅛. Index-linked issues, however, traded easier after-hours' following the announcement of further Government funding in this area by way of £200m of Treasury 2½ per cent 2013. This was accompanied by the issue of £400m of 3 per cent Treasury stock 1990 at a minimum tender price of £75¾.

Minet lower

Lloyds Broker Minet remained a friendless market, falling 6 more for a decline of 33 on the week at 184p following the annual meeting. Sentiment here has been adversely affected by comment on the substantial underwriting losses facing its Richard Beckett Agency.

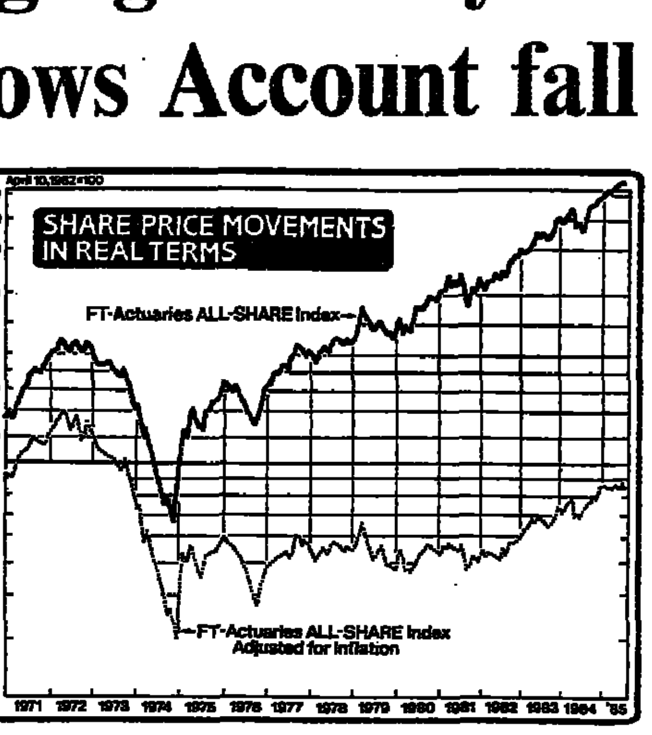
Arthur Bell, the subject of considerable speculative activity throughout the week, encountered an exceptionally lively business yesterday following the share-exchange bid from Guinness; Bell, which had already established a healthy premium over the offer terms, made further progress and settled 71 higher on balance at 263p, after 270p. Market sources suggest the emergence of a counter-bidder, both Grand Metropolitan and Argyll Group were mentioned in this context. Guinness finished 16 off at 257p. Other Distilleries firmed in sympathy with Highland 5 to the good at 73p, after 76p. H. P. Bulmer, on the other hand, shed 7 to 143p; the company had been mooted as a possible takeover candidate for Guinness.

Taylor Woodrow continued to react in the wake of the £42.3m cash call and dipped to 403p prior to closing a net 4 off at 408p, a two-day fall of 40. Other leading Buildings also gave fresh ground before closing a shade above the worst. Costain, an active market on Thursday, settled 8 lower at 392p, while Redland fell 10 to 272p on second thoughts about the annual results. BPB Industries lost 5 to 240p, as did Blue Circle, to 520p. Tilbury Group, another of the sector's bid candidates, closed 2 cheaper at 136p, after 132p. Elsewhere, recently-dull Access Satellite rallied 10 to 220p, while Trent Holdings gained 8 to 102p following a broker's recommendation. Renewed demand in a restricted market lifted Blockleys 15 to 605p.

ICI remained a dull market and slipped to 735p on Wall Street influences before picking up to close a net 4 off at 740p. James Halstead lost 5 to 84p, but Morceau gained 6 to 218p ahead of the interim results due shortly.

Stores dip and rally

After a dull opening—share prices were marked lower as dealers attempted to establish a more realistic trading level—leading Stores staged a useful rally and generally recovered initial losses. Burton, down to 475p earlier, settled only a penny off on balance at 481p, while Debenhams finished similarly lower at 383p, after 378p. House of Fraser now holds 6.88 per cent of Debenhams. Secondary issues again lacked support and displayed substantial falls by mid-way: conditions improved after-hours, however, and losses were usually confined to single figures. Our Price, down to 495p at one stage, rallied to close unchanged on the day at 520p—still down 65 on the week. Body Shop finished 15 off at 675p, after 663p reflecting continued disappointment with the interim results, while fellow USM-quoted Castle (GB) dipped 5 to 17p. Guinness's bid for Arthur Bell disappointed Newsagents which had clearly been expecting the former's expansion moves to be directed towards the sector. John Menzies dipped 13 to 255p, while NSS eased 2 more to 110p as brokers Wood Mackenzie reiterated "sell" advice. W. H. Smith A, on the other hand, rallied from 210p to settle unchanged at 224p.



A traumatic Account for the Electrical sector ended with leading shares staging a rally on bear covering. Secondary high technology stocks, however, continued their descent. Plessey, after touching 124p recovered to finish a penny dearer on balance at 130p, while BICC hardened a couple of pence to 225p. British Telecom edged forward a penny but still closed 12 down on the week at 183p: the preliminary results are scheduled for Wednesday. Elsewhere Memec dropped 15 afresh to 270p, Micro Business Systems gave up 18 to 117p, Unlisted Leasing fell 20 to 312p and Telecomputing declined 40 to 420p. Micro Focus, which announced stringent rationalisation proposals on Wednesday, plummeted 25 more for a loss of 85 on the week at 85: Meanwhile, Chloride cheapened 2 to 30p on disappointment with the static profits.

Two outstanding features emerged among Engineerings. Tex Abrasives, already sharply better at 100p towards the "house" close, advanced further to finish 26 higher at 118p on the news that Edward Le Bas, a private industrial holding concern, has acquired a near-30 per cent stake in the company and members of the Evelyn-Jones family had placed their interest in Tex with various institutions at 80p per share. Westland, on the other hand, plummeted 19 to 126p following the Board's decision to capitulate and accept the Alan Bristow-led consortium bid. Elsewhere, B. Elliott gave up 8 to 69p after further consideration of the disappointing results and Staveley dipped 12 to 335p for the same reason. A. Cohen's annual results failed to please and the shares declined 25 to 455p while Baker Perkins closed 6 off at 192p: the latter's preliminary figures are due next Friday. Among the leaders, GKN softened 5 to 230p, but Hawker moved up 7 to 441p.

Among the Food leaders, Northern Foods softeed a couple of pence to 232p on news of the agreed acquisition of Bowyers (Wiltshire) from Unigate for approximately £21m. Unigate hardened a penny to 162p. Cadburw Sshweppes gave ground on currency influences to close 4 lower at 156p, while Tate and Lyle encountered furthe profit-taking in the absence of any bid developments and settled 5 cheaper at 493p. S. & W. Berisford shed 5 to 163p ahead of Monday's half-timer. Avana, preliminary figures due the same day, lost 15 to 650p. Tesco moved against the trend in Food Retailers, rising 5 to 248p following a fresh appraisal of the annual results. Dee Corporation, however, shed 6 to 242p and Argyll slipped 3 to 305p. Elsewhere, Ranks Hovis McDougall fell 8 to 137p on persistent selling.

News that the group is selling Pinkerton Tobacco Co, its U.S. chewing and pipe tobacco subsidiary to Svenska Tobacs of Sweden for £109m failed to sustain Grand Metropolitan which closed 5 down at 285p after 283p.

Appledore feature

A. and P. Appledore were outstanading secondary miscellaneous industrials, jumping 44 to 356p following persistent speculative buyin gon Falmouth development hopes. Current favourite Pentland attracted another sizeable demand following the results from Reebok, the American subsidiary which is due to be floated on the U.S. stock market in August and closed ⅛ dearer at £10⅛, after £10⅜. Renewed speculative buying on talk of an imminent acquisition lifted Wolverhampton Steam Laundry 4 more to 51p, but Brammer dropped 40 to 338p after shareholders gave the green light to the Energy Services bid and in doing so, effectively vetoed Bunzl's offer for Brammer: E.S. hardened 2 to 118p, after 122p, on the news, while Bunzl improved 15 to 468p. By way of contrast, Flexello Castors and Wheels gave up 8 to 77p on acute disappointment with the half-year figures. DPCE declined 45 to 410p and Optometrics cheapened 8 to 45p. The leaders staged a late rally and featured Boots, 6 better at 188p an revived hopes of a bid from Hanson Trust. Beecham, at 345p recovered 7 but still ended the week 25 lower at 345p following the disappointing annual figures.

In the Leisure sector, Insight continued to attract buyers on takeover hopes and, in a restricted market, moved up to a fresh peak of 184p prior to closing a net 12 up at 182p, a gain on the week of 36.

Lucas Industries provided an outstanding bright spot, rising 14 to 333p reflecting a combination of Hanson Trust bid hopes and potential earnings from A320 Airbus contracts. In contrast, Dowty remained depressed by talk of U.S. defence spending cuts and shed 5 more to 183p. Elsewhere in Motors, Adams and Gibbon dipped 15 to 243p as the bid from Keep Trust, 4 off at 75p, lapsed.

The late rally failed to extend to the Property sector where quotations closed at the day's lowest. Land Securities were particularly dull, at 275p, down 7, while MEPC slipped a couple of pence to 285p. Elsewhere, recently firm Regalian reacted to 168p on profit-taking before picking up on late demand to close only 4 cheaper on balance at 172p.

In Textiles, Tomkinsons advanced 8 to 145p following the interim profits recovery. Further consideration of the annual results lifted Bulmer and Lumb 2 more to 86p, while late support was evident for Nottingham Manufacturing, 10 better at 222p. Allied Textile, however, gave up 15 to 410p as the offer from London and Midland lapsed. Carpets International, down to 55p in the early business, reverted to unchanged at 58p following the deal with Feltex New Zealand.

Stockjobbers Akroyd and Smithers dipped 25 more to 260p following a sizable put-through of shares late on Thursday. Elsewhere in Financials, Exco gave up 10 more to 570p, after [illegible] on continued worries over competition to its Telerate financial information service subsidiary. Yorkgreen also lacked support and fell 4 to 10p.

Oils majors drift

The oil majors ended a week of widespread minor falls and minimal activity on a subdued note. In the leaders BP dipped to 515p before closing a net 3 easier at 517p, while Shell settled 7 off at 673p. Britoil held at 213p; the Government confirmed yesterday that the sale of its remaining 243m shares in Britoil will take place later this summer with preferential treatment being given to existing shareholders.

Secondary oils lost ground early on but staged a substantial rally after-hours. Caledonian Offshore continued to race ahead and closed a further 35 firmer at 680p—up 115p over the week—still reflecting talk of an imminent bid from a U.S. oil group. Takeover speculation fuelled a late spurt in Petranol which closed 25 higher at 225p, after an initial 195p. Energy Capital moved up 6 more to 60p; market rumours suggested a statement regarding a substantial stake changing hands is expected shirtly.

British Oil and Minerals jumped 7 to 23p in the wake of the encouraging Indonesian oil discovery.

Golds up again

Business in South African Golds and related issues picked up considerably. The recent rally in Golds sowed signs of faltering in New York overnight, and London traders opened prices around Thursday's closing levels. However, rumours began to circulate that President Reagan had suffered a heart attack and bullion and share-markets were immediately responsive. Bullion touched $320 early on but subsequently eased back to end the day a net $3.75 firmer at $317.75 following a White House denial of the heart attack rumours. Golds took their cue from bullion: persistent speculative interest boosted all the leading issues and the upturn gathered momentum as Johannesburg buyers came out in force, no doubt helped by Thursday's cut in South African interest rates. The Reagan denial failed to shake out the early buyers and prices closed around the day's best levels. The Gold Mines index extended its recent recovery to a fourth day and posted a further 7.2 gain at 436.8—leaving the measure a shade higher on the week and up around 14.9 over the past four days.

"Amcoal" were a firm feature in South African Financials and put on ¼ to £19¼ while Gold Fields of South Africa edged up ¼ to £12⅜. De Beers, on the other hand, remained out of favour and lost 7 more to 397p.

Australian mining issues ignored the upturn in bullion and continued to lose ground, reflecting the latest poor showing by Sydney and Melbourne markets overnight. Gold Mines of Kalgoorlie dipped 10 more to [illegible] and Central Norseman Gold fell 5 to 388p while North Kalgurli eased 1½ to 36p. Second thoughts about the terms of the rights issue prompted persistent selling of Emperor Mines which dropped 10 to 197p.

Demand for Traded Options remained evenly-balanced with 4,631 calls and 4,423 puts transacted. The FT-SE index contract again attracted a fair measure of activity with 698 calls and 891 puts struck. Elsewhere, British Telecom recorded 639 calls and 918 puts, while Imperial Group attracted 613 calls, 322 in the August 200's, and 373 puts.

FINANCIAL TIMES STOCK INDICES

	June 13	June 13	June 12	June 11	June 10	June 7	year ago
Government Secs.	81.66	81.46	81.66	81.58	81.51	81.81	78.92
Fixed Interest	86.12	86.11	86.15	86.10	86.05	86.38	82.80
Ordinary	979.1	977.0	984.0	998.4	991.3	1001.6	815.8
Gold Mines	436.8	429.6	426.6	434.4	421.9	434.2	672.0
Ord. Div. Yield	4.72	4.72	4.69	4.62	4.65	4.62	4.84
Earnings, Yld.% (full)	11.81	11.80	11.72	11.58	11.67	11.68	11.23
P/E Ratio (net) (*)	10.54	10.35	10.42	10.54	10.45	10.54	10.69
Total bargains (Est.)	23,567	21,161	21,161	22,092	21,863	20,867	19,710
Equity turnover £m.	—	394.62	370.98	305.78	302.40	380.70	320.83
Equity bargains	—	19,043	17,765	17,304	18,604	18,126	18,969
Shares traded (ml)	—	197.6	177.6	150.3	166.1	178.6	172.4

10 am 971.4. 11 am 973.9. Noon 973.4. 1 pm 972.7.
2 pm 971.6. 3 pm 970.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.01.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.38 (4/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (3/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	421.9 (10/6)	734.7 (15/2/83)	43.5 (26/10/71)

	June 13	June 12
Daily Gilt Edged Bargains	125.1	128.0
Equities Bargains	123.4	115.1
Value	797.6	749.8
5 day Average Gilt Edged Bargains	146.0	150.0
Equities Bargains	117.6	116.0
Value	709.6	706.8

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, June 13, 1985.

Insurance (Life)	+28.31	Oils	+ 4.66
Newspapers, Publishing	+22.39	Brewers and Distillers	+ 4.54
Telephone Networks	+19.57	All-Share Index	+ 4.44
Metals and Metal Forming	+17.33	500 Share Index	+ 3.99
Shipping and Transport	+16.69	Food Manufacturing	+ 3.90
Insurance (Composite)	+15.98	Industrial Group	+ 3.88
Packaging and Paper	+15.78	Overseas Traders	+ 3.47
Motors	+15.64	Chemicals	+ 3.09
Office Equipment	+14.34	Investment Trusts	+ 2.99
Other Industrial Materials	+13.95	Contracting, Construction	+ 2.13
Stores	+12.32	Building Materials	+ 1.58
Other Groups	+11.44	Merchant Banks	+ 1.32
Insurance Brokers	+ 9.55	Mining Finance	+ 0.32
Textiles	+ 9.40	Property	− 3.16
Mechanical Engineering	+ 9.23	Leisure	− 3.35
Financial Group	+ 7.86	Capital Goods	− 5.80
Food Retailing	+ 6.68	Tobaccos	− 6.49
Consumer Group	+ 5.56	Electricals	− 9.30
Banks	+ 5.40	Gold Mines Index	−10.29
Health and H'sehold Products	+ 5.14	Electronics	−28.53

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7
July 8	July 19	Oct 10	Oct 21

For rate indications see end of Share Information Service

Call options were taken out in Brent Walker, Combined Technologies, BSR, Carpets International, Howard Machinery, Bryson, Brunswick, Sound Diffusion, Central Pacific Minerals, North Kalgurli Options, Parkfield, Owners Abroad, Bula, Associated Dairies, Hanson Trust and Racal. A put was done in Thorn EMI. No doubles were reported.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
493	F.P.	28/6	106	104	✤Abbeycrest 10p	106	......	42.6	2.5	3.4	16.8
§125	F.P.	31/5	181	154	✤Aspen Comms. 5p	172	......	u3.6	2.8	2.2	22.1
172	F.P.	28/6	190	176	Asda Property 20p	178	−2	u3.0	2.1	2.4	23.3
130	F.P.	—	134	126	Brent Walker 10p	129	+3	b3.5	2.6	3.9	11.2
375	200	10/9	253	195	British Aerospace 50p	195	−5	13.65	3.1	5.3	6.8
¶76	F.P.	6/6	88	80	✤Browns (C.) Car 10p	83	......	bg2.5	3.4	4.3	14.1
165	F.P.	31/5	175	165	✤Clayform Props. 5p	165	......	bg7.5	2.1	6.5	10.4
‖	F.P.	—	12	11	Clive Discount Wrrts.	12	......	—	—	—	—
135	F.P.	21/6	135	111	Coloroll 10p	111	−2	bg4.6	2.5	5.9	9.9
§94	F.P.	21/6	105	97	✤Datron Int'l. 5p	97	−8	u1.0	5.9	1.5	11.4
200	F.P.	31/5	300	260	Domino Print. Scienc.	268	−2	u1.75	4.3	0.9	35.8
§117	F.P.	31/5	130	114	✤Electron House 10p	114	−4	bg2.7	1.9	3.4	20.7
§300	F.P.	28/6	443	370	✤Holmes & March. 10p	385	−16	u3.5	4.1	1.3	27.0
§150	F.P.	7/6	205	165	✤Huntleigh Tech 5p	198	−2	u1.5	3.5	1.1	31.3
140	F.P.	—	156	143	ISL 10p	143	−2	g1.9	5.3	1.2	16.2
100	F.P.	21/6	103	98	MartinCurrie Pac. 50p	98	−2	—	—	—	—
§120	F.P.	7/6	189	143	✤Moorgate Group 5p	185	−1	bg2.0	5.9	1.5	35.4
50	F.P.	—	50½	50	Nordic Inv. Trust 10p	50	......	—	—	—	—
41	F.P.	9/7	47½	40	✤Perkins(J.)Meats 10p	40	−1	b.g1.8	2.0	6.4	10.6
100	F.P.	7/6	106	75	Prestwick 5p	75	−5	u2.1	3.3	4.0	10.2
¶175	F.P.	7/6	205	175	✤Sherwood Com 10p	175	−5	62.75	3.4	2.2	18.5
‖	F.P.	—	425	370	Sturge Hldgs 20p	370	......	b6.0	2.4	2.3	25.6
§120	F.P.	26/6	125	107	✤Viewplan 5p	107	−3	u1.26	4.0	1.7	19.4
95	F.P.	12/5	115	98	✤Wold 5p	98	......	u2.3	2.7	3.3	12.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
‖	Nil	26/7	7pm	4pm	Allebone 8¾% Cnv. Cum. Rd. Prf.	5pm	......
•	Nil	2/8	80pm	55pm	Assoc. Brit. Eng. 8% Cum. Cnv. Rd. Prf.	55pm	−5
¶¶	F.P.	—	111	107	Cape Inds. 8.4% Cum. Cnv. Red. Pref.	110	......
‖	Nil	22/7	6pm	1pm	Kennedy Brookes 6¼% Cnv. Un. Ln. '02	1pm	−1
‖	F.P.	5/7	109p	106p	Lon. & Edin. 6½% Conv. Cum. Rd. Prf.	106p	−3
90.705	£30	6/6	31½	29¹¹⁄₁₆	Malaysia 10¾% Ln. 2009	30¹⁄₁₆	−⅛
—	F.P.	—	100¼	100⅛	Nationwide Bldg. Soc. 12½% 9/6/86	100⅛	......
‡	F.P.	19/7	105p	100p	Russell (A.) 5.75% Cum. Cnv. Rd. Prf.	103p	+2
94.895	£30	18/7	36⅛	30	Spain (Kingdom of) 11¾% Ln 2010	35⅛	+⅛
‖	Nil	26/7	10¼pm	¼pm	Woolworth 8½% Cnv. Uns. Ln. 2000	¼pm	−¼

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
195	F.P.	16/7	216	196	Anchor Chemical	195	......
—	Nil	—	3pm	3pm	Ansbacher (H.)	3pm	......
350	F.P.	5/7	406	373	Beazer (C.H.) 70p	390	−6
190	Nil	9/8	55pm	50pm	Emess Lighting	50pm	−2
220	Nil	—	19pm	7pm	English China Clays	7pm	......
134	F.P.	—	160	154	✤ Godwin Warren	160	......
80	F.P.	26/6	93	85	✤Grosvenor Square 10p	85	−5
185	Nil	—	23pm	12pm	Hanson Trust	12pm	−2
120	F.P.	12/7	132	125	Suter 5p	125	−5
10	F.P.	12/7	40½	37	"The Times" Veneer	37½	−½
150	F.P.	12/7	211	178	Tomkins (F.H.) 5p	210	−1
2	Nil	22/7	1½pm	1pm	Willaire Systems	1pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✤ Unlisted Securities Market. § Placing price.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (31)

BRITISH FUNDS (3)
Treas. 3pc 1987 · Treas. 7¾pc 2012-15 · Exch. 2½pc 1987

INT. BANK & O'SEAS GOVT. STLG. ISSUES (1)
Do. 11pcLn 2012

BREWERS (2)
Bell (A.) · Do 9½pcCnv '99-01

BUILDINGS (3)
Blockleys · Trent Holdgs. · Galliford

CHEMICALS (1)
Morceau

STORES (2)
Liberty · Do. Non-Vtg.

ELECTRICALS (1)
Energy Servs.

ENGINEERING (2)
Tex Abrasives · Camford Eng.

FOODS (1)
Slaters Food

INDUSTRIALS (5)
Appledore (A. & P.) · Pentland Inds. · Dwek · Wolv. Steam Laundry · Emray

LEISURE (1)
Insight

MOTORS (1)
Lucas Inds.

NEWSPAPERS (1)
Portsmouth & Sunderland

TEXTILES (3)
Beales (J.) · Coats Patons · Bulmer & Lumb

TRUSTS (1)
Cystic Fibrosis

OILS (1)
Caledonian Offshore

OVERSEAS TRADERS (1)
Tozer. Kemsley

MINES (1)
Windsor Res NL

NEW LOWS (195)

AMERICANS (7) · CANADIANS (1) · BANKS (3) · BREWERS (1) · BUILDINGS (8) · CHEMICALS (2) · STORES (5) · ELECTRICALS (43) · ENGINEERING (3) · FOODS (3) · HOTELS (3) · INDUSTRIALS (30) · INSURANCE (1) · LEISURE (4) · MOTORS (3) · PAPER (3) · PROPERTY (8) · SHIPPING (1) · SHOES (1) · TEXTILES (1) · TOBACCOS (1) · TRUSTS (31) · OILS (19) · OVERSEAS TRADERS (1) · PLANTATIONS (2)

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	83	2	23	222	189	129
Corporations, Dom. and Foreign Bonds	13	4	59	53	57	270
Industrials	109	713	631	854	2,487	3,935
Financial and Properties	26	285	241	251	970	1,545
Oils	16	58	53	77	210	348
Plantations	0	11	7	3	34	53
Mines	47	51	81	172	217	506
Others	17	138	64	199	451	460
Totals	311	1,262	1,159	1,831	4,615	7,246

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Bell (A.)	263	+71	Pentland Industries	£10½	+ 0⅛
Brammer	338	−40	Pineapple Dance	38	+ 5
Bristol Oil and Mins.	23	+ 7	Polly Peck Internatnl.	238	− 2
Caledonia Investmts.	235	−10	Tilbury	136	− 2
Caledonian Offshore	680	+35	United Leasing	312	−20
Guinness	257	−16	Westland	126	−19

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs close	Day's change	Stock	No. of changes	Thurs close	Day's change
Bell (A.)	35	192	+24	Bowater	16	272	−12
Energy Capital	27	54	+18	Burmah Oil	14	264	− 4
Sound Diffsn.	26	72	+ 5	Debenhams	14	384	+ 1
Utd. Scientific	20	182	− 3	Grand Met.	14	290	+ 3
Beecham	17	338	−12	BTR	13	358	− 9
Body Shop	17	690	−46	Thorn EMI	13	430	—
Burton	17	482	−14	Plessey	13	129	+ 3

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Br. Aerospace†	89	200	−13	Sound Diffsn.	77	72	−28
Debenhams	89	384	−18	Plessey	76	129	− 9
HK & Shanghai	84	77	—	BP	75	520	− 5
Thorn EMI	82	430	−32	Glaxo	75	£13⅛	+ 0⅛
ICI	80	744	−22	Metal Box	75	482	+56
Boots	79	182	—	Bell (A.)	73	192	+74
Beecham	78	338	−36	STC	72	146	−12

† Partly-paid.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Int Bus Mach ShsCp ($1.25) $120
Int Stand Electric 8½pc Stlg/$ CavLn 1979-88 £82 (11/6)

Jackson (JandHB) 10pcPf (£1) 114½ (10/6)
Jamesons Choc (10p) 90 (11/6)
Johnson and Firth Brown 11.05pcCnvPf (£1) 105 (12/6). 11pcLn 1993-98 £79
Johnson, Matthey 8pcCnvPf (£1) 150 5. 6½pcMtgDb 1985-90 £80 ¼. 8½pcMtg Db 1985-90 £81½
Johnston Grp 10pcPf (£1) 105 (12/6)
Jones, Stroud 10pcPf (£1) 100

Kean Trust 4.9pc(Net)Pf (£1) 55 (10/6)
Kennedy Brookes 6¼pcCnvLn 2002 ...

...

UNLISTED SECURITIES MARKET

Abbeycrest New (10p) (FplLA 28/6/85) 104 6 7
Access Satellite Intnl (5p) 200 5 10 2 5½ 5 20 5
Applied Botanics 12pcLn 1985-2000 £97
Applied Holographics Wrts 225 (10/6)
Aspen Communications (5p) (Ex Cap) 171
Bedford (William) (5p) 155 7
Berkeley Exploration Prod. New (£1) Fol AL-12.7/85 115 (10/6)
Biomechanics Int. (10p) 21 2.

...

SHIPPING

Lyle Shipping 5½pcPf (£1) 24♦
Peninsular Oriental Steam 5pcPfd £43. Wrnts to purchase Dfd 78 (11/6). 6.3pc Pfd (£1) 107 8 9 10. 5½pc2ndDb (Perp) £29
S'hampton. IOW SOE RM Steam (50p) 220 5
Turnbull Scott Hldgs Non-Vtg A (£1) 400 (11/6)

UTILITIES

Barton Transport Dfd 160p 150 2
Calcutta Elect Supply Cpn. (India) Equity (Rs10) 57 (12/6)
Manchester Ship Canal 5pcPf (£1) 60 ½ 1. 1st3½pcDbs (Reg) £27 (10/6)
Mersey Docks Harbour Co Combd. Units 36 ½ 7. 3¼pcDb 1973-89 £70. 6¾pc Db 1996-99 £52 (11/6). 3¾pcIrrdDb £21 (11/6)

WATERWORKS

Bristol 4.9pc (Fmly 7pcMax) £49½ (10/6). 3.5pc (Fmly 5pc)Pf £36¼ (7/6)
Cambridge 4.2pc (Fmly 6pc)Pf 1984-86 £92 (7/6). 9¼pcDb 1992-97 £85 (10/6)
Colne Valley 4.025pc (Fmly 5¾pc) Pf 1988-93 £64. 4.55pc (Fmly 6½pc) Pf 1982-87 £87 (11/6)
East Surrey 3.5pc (Fmly 5pc)Pf £37½ (7/6). 4.2pc (Fmly 6pc)Pf 1985-90 £73 6¼. 7pcDb 1990-92 £80¼ ¼ (12/6). 7¼pcDb 1991-93 £75 (10/6). 10pc Db 1997-99 £89 (10/6)
Eastbourne 10½pcDb 1995-97 £90¼ (11/6)
Essex 10pcDb 1992-94 £88¼ (11/6)
Hartlepools 3.5pc (Fmly 5pc) £37 (11/6)
Lee Valley 7¼pcDb 1991-93 £75½ (12/6)
Mid Kent 3.5pc (Fmly 5pc) £38. 4.2pc (Fmly 6pc)Pf 1985-87 £84
Mid-Southern 4.2pc (Fmly 6pc)Pf 1974-85 £97 (12/6)
Mid-Sussex 4.9pc (Fmly 7pc) Addl Ord £53 (10/6)
Newcastle Gateshead 3.5pc (Fmly 5pc)Pf £35½ (12/6). 4pcDb £29 (10/6)
Rickmansworth 3.5pc (Fmly 5pc) £37 (10/6). 2.8pc (Fmly 4pc)Pf £29 (11/6)
South Staffordshire 4.9pc Fmly 7pc) Class A £51 (12/6). 4.9pc (Fmly 7pc) Class B £55. 4.9pc (Fmly 7pc) Class C £51 (12/6). 4.2pc (Fmly 6pc)Pf 1983-88 £85 4½ (12/6). 7pcDb 1988-90 £85 (11/6). 7½pcDb 1991-94 £77¾ ½ (12/6)
Sunderland South Shields 3.5pc (Fmly 5pc) £37 (7/6). 4.2pc (Fmly 6pcPf 1986-88 £81 (10/6). 7½pcDb 1991-93 £75½ (12/6)
Sutton District 4.9pc (Fmly 7pc) £51 2½

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 24 ½ 5 (11/6)
Anglo-Am Agric 45½ 6½ ¼ (10/6)
Arsenal FC £520 5 (11/6)
Avesco 53 (10/6)
Booth (Alfred) 200
Bristol and West Bldg Soc 10¹¹/₁₆pc 10/7.85 £99.689 (7.6)
Burad Intnl 24
Business Mortgages 151 5 (11/6)
Cambridge Instrument Ln 86 20 ½ 1 2 3 ½ (12/6)
Cannon St Invs 30 2 7 8 (12/6)
Channel Hotels and Props 92 4 (12/6)
Dolamore Hldgs 31 3
Flightspares 410 20 (10/6)
GRI Electronics 415 (10/6)
Grampian TV 92 6 (7/6)
Greenwich Res 110 2
Harvard Securities 26½ 7 (12/6)
Hill Woolgar 210 20 (7/6)
ICE Grp £15.50 60 (7.6)
Ireland Yard Invs Wrrnts 4
Jersey New Waterworks £100 (12/6)
Kunick Leisure 63 4
Leisure Instruments 25 ¼ (10/6)
Le Riches Stores 470 (12/6)
Lincolnshire Standard Grp 200
Manchester Utd FC 333 9 95
Merrett 195 6 (12/6)
Mid-Kent Water 2.8pcPf £19 20
Nessco (Aberdeen) 18¼ (12/6). Pfd 25 (12/6). 5½pcPf 27¼ (12/6) 12½pcLn 1939 £27¼ (12/6)
Oldham Ests 94½ 5
Ouvah Highfields 99½ 100 (12/6)
Pan Atlas 2¼ 4
Phosphor Products £372 5 (11/6)
Plymouth Hotel 150 (10/6). 5pcPf 10 (10/6)
Rangers FC £11¼ (12/6)
Seymours 4pcPtPf 45 (12/6)
Shepherd Neame 460½ 2 (7/6)
Sinclair Research 440 50 60 (10/6)
Southern Newspapers 185 8 (12/6)
Stead and Simpson MtgDbs 1889 £35 7 (10/6)
Taddale Invs 9½ 10¼ (12/6)
Theme Hldgs 43
Travis & Arnold 6pc2ndPf 39½ (12/6)
Utd Tst & Credit 325 30 (12/6)

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CONTRACTS

Flight simulator lease

ICA EUROPE, Amsterdam, which last month established an IBM S/3X computer leasing and broking company in Sale, Manchester, has negotiated an £11.5m flight simulator lease for Fokker, the Dutch aerospace group. With funding from the American Bank, Security Pacific, the lease is on an unusually long term — ten years at fixed rates — for two advanced simulators being designed and manufactured by CAE Electronics in Canada. The systems will allow zero flight-time training on the new Fokker 10-seater Rolls-Royce Tay-engined jet, and for the new Fokker 50-seater short haul turbo-prop aircraft. The simulators will be installed in February, 1987, at Fokker's training centre, two months ahead of the Fokker 100's first deliveries to Swissair, who have ordered eight of the aircraft, and KLM, who are taking 10 with an option for five more.

*

UDI, a member of John Brown, has been awarded a contract by Maersk Olie OG Gas A/S, for the Rolf Field in the Danish sector of the North Sea. The contract is valued at just over £1m and will involve the route survey, transportation, installation and burial of umbilical cables during the summer of ... chemical and one electrical—will be installed between the Rolf and GORM E platforms using the "simultaneous burial" technique developed by the UDI Group.

*

Vauxhall Motors and Bedford Commercial Vehicles have entered into a £1.7m five-year agreement with **INITIAL WORKWEAR SERVICES**, workwear supply arm of the Initial Group. The agreement involves rental of more than 16,000 sets of garments including coats, coveralls and drivers' uniforms. The majority of these garments will be made by Initial Garment Manufacturing at its Bradford and Darlington plants.

*

PLESSEY AVIONICS has been awarded a contract worth more than £1m to supply Hindustan Aeronautics of Bangalore with weapon control panels for its next batch of 31 Jaguar aircraft. The systems comprise a single cockpit-mounted unit containing all the armament selector switches with the controls ergonomically arranged to minimise the possibility of selection errors. The control logic ensures that neither selection error, nor systems failure, can endanger the aircraft and that its balance is automatically main-

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	62.9	66.5	-0.7	3.42
Accum Units	92.5	99.4	-1.0	3.42
Pearl Inc.	86.7	92.2	-1.1	5.01
Pearl Unit Tst.	90.6	96.4	-1.0	4.15
(Accum. Units)	155.2	163.0	-1.7	4.15

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	177.1	190.1	-4.1	1.49
Income	133.3	142.8	-3.2	5.45
Worldwide Recovery	102.5	110.0	-1.7	2.10
American Growth	56.6	60.8	-1.0	0.65
Intl. Emerging Cos.	58.2	62.5	-0.8	0.77
Far East Growth Fd.	47.2	50.6	-0.7	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	102.3	139.6	-1.5	0.37
Prolific Extra Inc.	60.9	64.8	-0.3	5.93
Prolific Gilt Cap.	79.3	82.5	+0.2	3.33
Prolific High Inc.	126.5	134.5	-2.1	5.36
Prolific Intl.	83.3	89.2	-1.5	1.63
Prolific N. Amer.	117.0	125.4	-2.3	1.52
Prolific Spec. Sits.	141.3	150.3	-3.0	1.50
Prolific Technology	105.6	113.1	-2.7	0.86

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.9	51.8	-0.6	0.19
Worldwide	47.8	50.7	-0.3	1.63
European Trust	47.3	50.1	-0.6	0.93
North American	52.3	55.4	-1.0	1.10
UK Equity	48.1	51.0	-0.4	3.12

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst.	314.6	334.6	-3.6	3.79
Holborn Gilt Tst.	148.3	155.5	+0.5	9.05
Holborn High Inc.	52.6	64.9	-0.3	7.79
Holborn Intl.	55.3	58.8	-1.2	0.61
Holborn UK Growth	62.2	66.1	-0.7	3.12

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	313.5	333.6	-10.9	3.54
Quadrant Income	179.5	189.0	-3.1	6.32
Quadrant Intl. Fund	304.4	322.6	....	1.51
Quadrant Recovery	193.9	204.2	-7.3	2.82

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Wellington Inc.	48.6	51.7	....	6.00
Wellington Growth	100.2	106.6	....	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	130.0	138.3	-1.1	4.41
Reliance Unit Tst (Inc)	84.3	89.9	-1.1	4.08
Reliance Ut Tst (Acc)	108.5	115.9	-1.5	4.08

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	90.2	96.5	-0.9	7.00
International UT	210.5	225.1	-3.7	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	233.7	246.0	-2.9	1.36
NC America (Acc)	248.3	261.3	-3.1	1.36
NC Energy Res. Tst.	162.9	171.4	-2.6	2.40
NC Inc Fd.	67.0	70.5	....	5.06
NC Japan Fund	108.9	114.6	-1.9	0.02
NC Smaller Cos	105.7	111.3	-1.1	2.11
NC Smaller Europe Cos	101.8	107.1	-0.6	0.82
NC Exempt Gilt Tst*	116.0	121.0	....	11.18
NC American Prop*	11.21	11.60	....	—
NC Prop.*	185.0	194.8	....	—

*Unauthorised Unit Trusts

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	97.3	103.8	-1.7	1.19
Do. Accum.	100.3	106.8	-1.8	1.19
TSB Extra Income	85.1	90.6	-1.0	6.22
Do. Accum.	94.7	100.8	-1.1	6.22
TSB General	116.5	123.9	-1.4	3.31
Do. Accum.	165.5	177.8	-2.2	3.99
TSB Gilt & Fxd Int.	46.4	48.6	-0.1	9.54
Do. Accum.	56.3	58.5	-0.1	9.54
TSB Income	157.6	167.5	-1.7	5.85
Do. Accum.	237.3	252.5	-2.5	5.05
TSB Pacific	103.9	110.6	-1.5	1.06
Do. Accum.	104.5	111.4	-1.6	1.06
TSB International	227.0	241.5	-3.5	1.91
Do. Accum.	276.2	293.9	-4.3	1.91
Natural Resources	45.4	48.3	-0.6	2.67
Do. Accum.	45.8	48.8	-0.6	2.67
TSB Sictd. Opps.	46.5	49.5	-0.6	2.49
Do. Accum.	50.0	53.3	-0.7	2.49

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	69.0	73.8	....	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	67.0	71.7	-1.7	0.26
Australia	26.7	28.5	-0.5	0.10
Commodity	93.8	100.9	-0.1	1.71
Energy	43.3	46.3	-0.4	0.75
Equity	97.0	103.5	-0.1	3.83
European Spec. Sits.	50.1	53.6	-0.4	0.93
Extra Income	91.7	98.1	-0.1	7.39
Financial	196.0	209.1	....	2.95
Gilt Capital	212.4	222.4	+0.3	3.25
Gilt Income	100.9	105.7	+0.2	9.06
Gold Income	61.6	65.9	....	2.32
Gold Acc.	111.7	119.5	....	2.32
Income	55.3	59.5	-1.0	6.20
Japan	44.0	46.9	-1.1	0.10
Malaysia & Singapore	26.0	27.7	-0.5	1.06
Pacific Income	66.4	69.9	-1.9	0.89
Pacific Re Inv.	79.4	84.9	-2.2	0.89
Preference Share	15.3	17.0	....	10.19
Professional	476.2	507.9	-6.6	1.71
Special Sits	82.7	89.5	-0.6	2.51
Technology	39.3	42.2	-1.1	0.10
U.S. Special Bond	49.6	54.1	-0.5	6.31
Worldwide Capital	110.4	117.8	-1.4	1.76
Equity Exempt June 4	632.9	675.1	....	2.46
Equity Ex Acc June 4	1163.5	1240.8	....	2.46

Temple Bar Unit Trust Mgrs Ltd
Electra Hse, Temple Pl, Vic Emb, WC2 836 7766

Electra Small Cos. Fd.	125.80	132.72	....	1.78
High Income	41.4	44.4	-0.4	7.62
North American	105.1	111.8	-1.4	0.69
Recovery	117.6	125.1	-2.7	1.94
Gilt Trust	37.2	38.5	+0.1	9.90
St Vincent U.S. Gwth	69.8	72.8	-1.5	0.83
St. Vincent High Inc.	67.2	69.3	-0.7	6.27

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	26.2	28.2	-0.1	0.27
TR General Growth	37.6	40.0	-0.6	2.47
TR Global Tech.	27.8	29.6	-0.7	0.10
TR Income Growth	43.7	47.0	-0.4	5.10
TR Income Monthly	38.6	41.1	-0.2	7.47
TR Overseas Growth	33.1	35.2	-0.5	1.78
TR Smaller Cos	39.8	42.4	-0.5	1.91
TR Special Ops	41.6	44.8	-0.7	1.25

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT June 1	134.5	143.6	....	3.99

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7. 01-534 5544

Barclaybond (z)	283.4	298.4	-1.3	—
Equity Accum. (z)	324.8	341.9	-2.6	—
Do. Initial (z)	297.1	312.8	-2.4	—
Gilt-edged Accum. (z)	181.3	190.9	-0.2	—
Do. Initial (z)	167.2	176.1	-0.2	—
International Acc. (z)	201.0	211.6	-0.8	—
Do. Initial (z)	184.4	194.2	-0.6	—
Managed Acc. (z)	241.7	254.5	-1.2	—
Do. Initial (z)	222.0	233.7	-1.0	—
Money Acc. (z)	160.4	168.9	....	—
Do. Initial (z)	144.5	152.2	....	—
Property Acc. (z)	205.1	215.9	....	—
Do. Initial (z)	189.6	199.6	....	—
America Acc. (z)	156.6	164.9	-2.3	—
Australia Acc. (z)	121.2	127.6	-2.6	—
Financial Acc. (z)	158.3	166.7	-1.3	—
'500' Acc. (z)	160.3	168.8	-1.1	—
Greater Pac. Acc. (z)	189.1	199.1	-0.7	—
Income Acc. (z)	173.4	182.6	-1.4	—
Leisure Acc. (z)	120.1	126.5	-0.7	—
Spec. Sits. Fd. Acc. (z)	94.2	99.2	-0.8	—

Cornhill Insurance PLC
57 Ladymead, Guildford. 0483 68161

Equity Fd. June 5	188.0	198.0	....	—
Fixed Int. June 5	142.0	149.5	....	—
Man Growth June 5	404.5	426.0	....	—
Money Fd. June 5	129.0	136.0	....	—
Cap Fd. May 15		304.5	....	—
G.S.S. Spec Fd. May 15		129.5	....	—
Far Eastern Equity	114.5	121.0	....	—
N. Amer. Equity	116.5	123.0	....	—
Int'l Technology	99.5	105.0	....	—
Property	106.0	112.0	....	—

Credit & Commerce Life Ass. Ltd.
74, Shepherds Bush Green, W12 8SD 01-740 7070

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		159.39	....	—
Landbank Secs.		66.23	....	—
Landbank Secs. Acc.	208.96	203.76	....	—
G. & S. Super Fd.		£12.022	....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Legal & General (U.A.)—Contd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU Burgh Heath 53456

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P.O. Box 428, St. Helier, Jersey. 0534 76077

Dollar Income Tst (z)	$1.065	1.117	+0.001	10.74
Gov't Secs. Tst.	77.8	76.5	+0.1	13.11
Yen Bond*	Y199	209	—	5.74
Sterling Fdt	180.1	180.2	—	—
Japan Growth*	229.1	235.5	—	0.43

Next dealing *June 20 †June 19.

Aries Fund Managers Ltd.
PO Box 443, St Helier, Jersey. 0534 75141

Dollar Fund	$10.49	10.53	—	—
Sterling Fxd Interest	£9.85	9.89	—	9.53

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Barer Std May 20	SF10,925	11,500	—	—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd.	$1,318	1,319	—	—

Bamford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

EBC Trust Company (Jersey) Ltd.
1-3 Seale St, St Helier, Jersey. 0534-36331

International Income Fund

US$ Dep Short A	$1.4790	—	+0.0002	9.66
Do. Dis.	$1.0233	—	+0.0001	9.66
Med Cur Srt term B	$1.1449	—	+0.0074	8.00
Do. Dus	$0.8737	—	+0.0048	8.00
Eurobd Long Term	$22.41		—	10.80

European Banking Traded Currency Fund*

Income	$9.59	9.888	+0.079	8.26
Capital	$10.59	10.918	+0.085	8.26

*Offer price includes 3% prelim. charge

European Banking Currency Income Fund*

Income	£10.03	10.521	+0.0095	—

*Offer price includes 5% prelim. charge.

The English Association
16 Athol St, Douglas, Isle of Man 0624 20738

E.A. Far East	$10.01	10.60	—	—

Next dealing June 21.

Ermitage Management Ltd.
19 Royal Square, St Helier, Jersey, C.I. 0534 76007

Hambros Fd. Mgrs. (C.I.) Ltd.
PO Box 86, Guernsey. 0481-26521

C.I. Fund	599.4	592.1	—	2.34
Special Sits. Fund	193.4	203.6	—	1.65
Sterling Income Fund	107.7	112.2	—	10.70
Dollar Income Fund	$1.066	1.113	—	10.78
Intnl. Bond	$105.41	111.11	—	9.50
Int. Equity	$24.77	26.09	—	0.71
Amer Spec Accts	$1.07	1.13	—	—
Amer Equity Inc	$2.2	65.4	—	6.3
Savings Fund A	$1.96	2.06	—	—
Savings Fund B	$2.76	2.91	—	—
American Growth	$4.83	5.09	—	—

Currency Fund

Sterling Shares	£19.71	19.72	—	12.77
U.S. $ Shares	$16.23	16.24	—	7.38
DM Shares	DM41.70	41.71	—	5.56
Swiss Francs	SF30.54	30.55	—	3.00
Yen Shares	Y3,145	3,146	—	4.00

Managed Shares

Sterling Shares	£10.46	10.88	—	12.72
U.S. $ Shares	$15.43	16.06	—	7.73

Currency Distributor Fund

Sterling Shares	£10.52	10.53	—	12.79
U.S. $ Shares	$15.46	15.47	—	7.38

M & G (Cayman) Ltd.
P.O. Box 706, Cardinal Avenue, Grand Cayman, BWI

Atlantic Ex June 11	$8.57	9.15	—	—
Australian Ex June 12	$2.94	3.13	—	—
Gold Ex June 12	$33.40	34.13	—	1.39
(Accum. Units)	$54.09	59.09	—	1.39
Island	342.0	363.9	−3.0	2.40
(Accum Units)	603.1	641.6	−5.2	2.40

Man International Futures
Sugar Quay, Lower Thames St. London, EC3 01-626 8788 Telex 885431. New York 212 912 8700

MINT Ltd. (Bermuda)		$13.09	—	—

Next price date July 9

Management International Ltd
Bk of Bermuda Bldgs, Bermuda. 809-295 4000

Bda IBFC	$19.18	10.39	—	—
Bda IBFI	$11.10	11.22	—	—

Prices at May 31. Next dealing June 14.

Bda IEFC	$9.70	10.06	−0.30	—
Bda IEFI	$9.50	9.85	+0.14	—

Prices at June 12. Next dealing June 17.

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.98	—	—	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.11	—	—	—
Dynamic Gwth Fd	$8.25	—	—	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB. 01-588 1815				
Deposit	12.5	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.44	9.30	13.75	6mth
7-day Fnd	12.88	9.43	14.27	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.14	9.07	12.98	6-Mth
7-day Fund	12.37	9.29	13.64	6-Mth
Dollar	6.37	—	—	6-Mth
Money Mngt. Acct	12.00	8.97	13.45	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Car Acc	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.375	9.25	13.87	Qtr
Mth. Inl. Chq.	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.05	9.00	13.40	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.00	8.875	13.29	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.25	9.16	13.644	Mth

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	99 3/16	Treas 11½pc 1985	99 27/32xd	.....	11.51	13.06
99¾	97¾	Treas 8¾pc Cnv '85	99 1/16	+1/16	8.83	12.59
101 11/16	99 3/16	Exch. 12¼pc 1985	99 13/16	.....	12.26	12.18
101 5/16	99 3/16	Exch. 11¾pc '86	99 7/8	.....	11.76	11.83
99½	97 1/4	Treas. 10pc Cnv 1986	98 11/16	.....	10.13	11.64
94⅞	92¾	Treas 3pc 1986	94⅛	.....	3.18	9.50
100	97½	Exch. 10½pc Cv '86	99 1/16	+⅛	11.59	11.40
101⅞	99¼	Treas 12pc 1986	100½	.....	11.94	11.44
97 3/16	94¼	Treas 8¼pc 1984-86‡‡	97¼xd	+⅛	8.74	11.56
105 3/16	102 7/16	Exch. 14pc 1986	102 15/16	.....	13.60	11.54
93⅛	87¼	Exch. 2½pc 1986	93	−⅛	2.69	7.75
104 3/16	101¼	Exch. 13¼pc 1987	102½	+3/16	12.90	11.55
99½	96⅝	Treas 10¼pc Cv '87	98 3/16	+⅛	10.44	11.45
91	85½	Exch 2½pc 1987	91	+⅛	2.75	8.30
99 3/16	96¾	Exch. 10½pc 1987	98 9/16	+1/16	10.65	11.36
93¾	89	Funding 6½pc '85-87‡‡	93¼	+⅛	6.97	10.54
98½	95½	Treas. 10pc 1987	97⅝	+⅛	10.24	11.37
90¾	84¾	Treas 3pc 1987	90¼xd	+1/16	3.32	8.22
102 9/16	99⅛	Treas. 12pc 1987	102 3/16	+⅛	11.86	11.37
93⅝	90⅛	Treas 7¾pc 1985-88‡‡	93 5/16	.....	8.31	10.74
98⅞	95⅛	Exch 10½pc '88	98	+⅛	10.72	11.31
96 11/16	93⅛	Treas 9¾pc Cv '88	95 13/16xd	+⅛	10.16	11.39
85 11/16	80	Transport 3pc '78-88	85⅝xd	+⅛	3.50	8.42
95⅝	91½	Treas. 9½pc '88	94⅝	+⅛	10.03	11.40
101⅛	97½	Treas 11½pc 1989	100½	+¼	11.44	11.35
95 3/16	90¾	Treas 9½pc Cnv. '89	94⅜	+3/16	10.07	11.33

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

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PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS

MINES—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		Finance					
135	115	Alex Corp SA $1.50	115		07.5c	2.1	2.6
£21	£15½	Ang. Am. Coal 50c	£19½	+½	Q195c	3.1	3.9
£11¼	940	Anglo Amer. 10c	£11¼	.....	Q135c	♦	4.8
£79	£66	Ang. Am. Gold R1	£67¾	.....	Q1025c	1.0	6.0
£35	£29	Anglovaal 50c	£35		10115c	3.8	3.9
208	160	Charter Cons. 2p	188	+3	11.0	1.1	8.4
33	24½	Clogau Gold 10p	29½	.....	—	—	—
582	475	Cons. Gold Fields	527	+5	24.5	1.4	6.6
77	53	East Rand Con. 10p	71	.....	11.5	♦	3.8
£10⅛	675	Gencor R1	925	−75	Q133c	1.2	5.7
£17⅛	915	Gencor 40c	£12	−¼	Q190c	1.2	6.2
15½	11¼	Gold & Base 12½p	12½	.....	—	—	—
£15¾	£10¼	Gold Fields S.A. 5c	£12¾	+¼	10100c	2.0	3.2
£86	£67	Jo'burg Cons. R2	£85	+2	Q750c	♦	3.5
950	750	Middle Wit 25c	875	.....	1090c	1.8	4.1
780	530	Minorco $BD1.40	650	−20	Q23c	1.4	1.3
508	369	New Wits 50c	479	−6	1050c	1.7	4.1
33	22	Rand London 15c	31	.....	—	—	—
775	500	Rand Min. Props. R1	675xd	.....	N065c	2.6	3.8
£29	£23	T'vaal Cons. Ld. R1	£29xd	.....	10280c	2.6	3.8
115	80	Vogels 2½c	105	.....	Q16c	♦	6.8
		Australians					
93	28½	♥ACM 50c	59	−9	—	—	—
25	16	♥Allstate Expl'n. NL	16	.....	—	—	—
3¼	2	♥Asia Oil & Minerals	2	.....	—	—	—
18	11	♥Aust. Hydrocarbon NL	12	.....	♦	—	—
12½	7¼	♥Austrair. Mng N.L.	7¼	.....	—	—	—
23	14	♥Balmoral Res	14	−½	—	—	—
23	16	♥Black Hill Mins	16	.....	—	—	—
97	61½	♥Bond Corp	62	−3	Q10c	0.2	8.6
144	102	♥Bougainville 1 Kina	102	−2	Q5.62c	0.8	3.0
392	300	♥CRA $2	308	−5	Q8c	0.6	1.4
92	52	♥Carr Boyd 20c	68	−1	—	—	—
20	11½	♥Central Kalgoorlie	12	.....	—	—	—
40	21	♥Central Pacific	27	.....	—	—	—
4	2	♥Cons Gld Mg Areas NL	2	.....	♦	—	—
8½	4¼	♥Coopers Res. NL	5	.....	—	—	—

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
120	70	♥Colby Res Corp	90	.....	—	—	—
550	450	Cons. Murch. 10c	450	.....	10100c	1.4	10.8
40	28	♥Ennex Int. Ir10p	30	.....	—	—	—
215	157	Hampton Areas 10p	170	−5	3.75	2.1	3.0
260	155	♥Highwood Res	165	.....	—	—	—
£22½	£18	Homestake Mining $1	£18¾	−⅛	Q20c	—	1.0
310	190	♥McFinley Red Lake	210	.....	—	—	—
300	195	♥Musto Explorations	260	.....	—	—	—
55	23	♥New Sabina Res C$1	42	.....	—	—	—
375	260	Northgate C$1	280	.....	—	—	—
685	570	RTZ	573	.....	20.0	2.7	5.0
£145½	£127	Do. 9½pcLn '95-2000	£127	.....	Q9½%	14.0	f7.7
£14½	£10	♥Tara Expln $1	£11½	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	.....	Arnott	175	.....
Craig & Rose £1	900	.....	CPI Hldgs	98	.....
Finlay Pkg. 5p	61	.....	Carrol Inds.	126	.....
Higsons Brew	230xd	+2	Dublin Gas	53	.....
Holt (Jos) 25p	740	.....	Hall (R. & H.)	58	+1
IoM Stm. £1	80	−3	Heton Hldgs.	16	.....
IRISH			Irish Ropes	45	.....
Fund 11¼% 1938	£97⅛	+⅛	Jacob (W.& R.)	80	.....
Nat. 9¾% 84/87	£91⅝	.....	Unidare	85	.....
Fin. 13% 97/02	£101⅜	.....			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	38	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	24	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	20	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45		
Brit Aerospace	33	Lucas Inds	25	**Oils**	
Brit. Telecom	11	Marks & Spcr	11	Brit. Oil & Min	4
Brown (J.)	3	Midland Bk	38	Brit Petroleum	42
Burton Ord	39	NEI	8	Burmah Oil	18
Cadburys	14	Nat West Bk	60	Charterhall	6
Comm Union	19	P & O Dfd	36	Premier	5
Courtaulds	12½	Plessey	17	Shell	60
Debenhams	17½	Polly Peck	26	Tricentrol	18
Distillers	28	Racal Elect	18	Ultramar	19
Dunlop	6	RHM	11		
FNFC	8½	Rank Org Ord	32	**Mines**	
Gen Accident	45	Reed Intnl	50		
Gen Electric	17	Sears	8	Charter Cons	18
Glaxo	85	TI	20	Cons Gold	44
Grand Met	25	Tesco	20	Lonrho	14
GUS 'A'	60	Thorn EMI	35	Rio T Zinc	56
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES

Saturday June 15 1985

South Africa condemned over raid

BY ANTHONY ROBINSON IN JOHANNESBURG AND OUR FOREIGN STAFF

SOUTH AFRICA'S lightning raid on suspected guerrillas in the Botswana capital of Gaborone early on Friday morning produced a tide of international condemnation yesterday. In Pretoria the raid, in which South Africa estimates 15 people were killed, was justified as retaliation for bomb attacks on two Coloured MPs i nCape Town earlier this week.

It was also a pre-emptive *move to head off planned* attacks by African National Congress guerrillas on South African targets, General Constand Viljoen, chief of the South African Defence Force, said.

There were separate attacks on ten *houses pinpointed* as hideouts for ANC guerrillas. were in transit from bases in Angola and elsewhere, General Viljoein said.

He admitted that two women and a child were wounded, another child killed in cross-*fire and two men* killed when they approached an army road-block in a vehicle. The attack began at 1.15 Friday morning and lasted 45 minutes.

Troops used loudspeakers to warn residents and to ask Botswanan police not to interfere, General Viljoen said. The raid was not cleared in advance with the Botoswanan authorities.

It was the first major attack on suspected ANC targets inside Botswana and follows persistent diplomatic efforts by South Africa to persuade Botswana to follow the example of Mozambique and Swaziland, which have both signed agreements leading to the expulsion of ANC cadres.

International reaction was swift and angry. In Washington, the *U.S.* announced *it* was recalling Mr Herman Nickel, its ambassador to South Africa, "to review the situation."

In London the Foreign Office summoned the South African Ambassador, Mr Denis Worrall, who was told of Britain's condemnation of "this blatant violation of the sovereignty of a fellow Commonwealth country.

Mr Denis Healey, the Shadow Foreign Secretary, said the raid "removes the last thread of justification for Mrs Thatcher's present *policy" of constructive* engagement. Britain should ban all new investment and loans to South Africa, he said.

Sir Shridah Ramphal, the Commonwealth Secretary-General, described the South African action as a sign of the "increasing desperation of the regime in Pretoria as its power is challenged internally and its repression condemned abroad." The raid "*characterises the* arrogance of its rulers," he said.

Similar condemnation followed from Gaborone and from *other African nations.*

President Quett Masire's office in Gaborone said the action was an "act of brutality and violence . . . considering the repeated assurances of the Botswana Government that it does not permit its territory to be used for launching attacks against neighbouring countries."

General Viljoen, asked *whether South Africa had taken* likely international reaction into account when planning the raid, said: "The raid was very *carefully debated; we discussed* all possible repercussions but decided we had to go ahead."

In a note detailing South *Africa's efforts to reach a* diplomatic agreement with Botswana, Mr Pik Botha, the Foreign Minister, said that since *August 1984 the ANC* "*has been* responsible for 36 acts of terror and violence, which were planned and executed from Botswana."

General Viljoen added that "the last straw" was the bombing earlier this week in Cape Town which severely injured Mr Luwellyn Landers, the first non-white to receive a ministerial portfolio under the new tricameral constitution, and a prominent Coloured politician.

The ANC disclaimed responsibiliy for the explosions,

S. African banks tol dto raise cafptal reserves, *Page 2*

Brammer wins vote to ward off Bunzl bid

By Alexander Nicoll

BRAMMER, the bearings distributor, won a dramatic vote of confidence from its shareholders yesterday and now seems certain to ward off the £131m bid from Bunzl, the paper group.

By a margin of about two votes to one, Brammer won backing at a tense meeting for its proposed £44m acquisition of Energy Services & Electronics, an electronic equipment rental and sales concern. Bunzl had fought against the deal, and made its cancellation a condition *of its bid.*

More than 120 people were at Glaziers' Hall, near London Bridge, where executives and advisers of the three principals assembled. Mr Julian Askin and Mr Hugo Biermann, two South African businessmen, who recently failed in a bid for ESE and had considered a further attempt, were also present.

Mr James White, managing director of Bunzl, was sitting next to Mr Huw Jones, representing Prudential Assurance, the largest shareholder in Brammer with over 8 per cent and also *a significant minority* holder of both Bunzl and ESE equity.

The Prudential had taken care *not to reveal* its hand, but when Mr John Head, Brammer's chairman, called for a show of hands, Mr Jones and his colleague Mr Brian Kirkland voted in favour of Brammer's proposal and, implicitly, against Bunzl.

After the show of hands had favoured Brammer by 31 to nine, Mr White sprang up to demand a formal poll. The message for Bunzl was clear, however, and as stockbrokers flashed news of the Prudential vote back to the stock exchange, Brammer shares began to weaken in anticipation of the Bunzl bid lapsing.

Of Brammer's 29.9m shares (of which 2.5m were voted by *the Prudential) 14.6m were cast* in its favour and 7.6m against. Also aiding Brammer was the purchase by Kleinwort Benson, *its* merchant banking adviser and swift registration on Thursday of 395,000 shares.

Applause greeted the result. A delighted Mr Head said the result, "shows that everybody's behind what we have planned together." Mr White said later: "I can't complain. We swung a tremendous number of votes."

Bunzl's bid will remain on the table until Brammer's offer for Energy Services and Electronics is accepted by a majority of ESE shareholders. This is not a certainly, however.

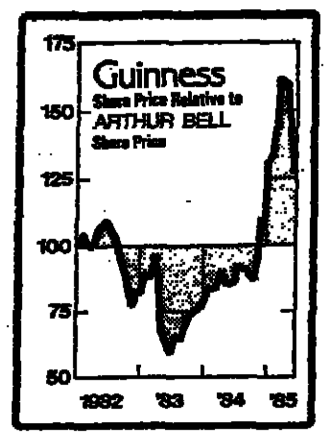
Brammer's share price fell 40p to 338p yesterday against Bunzl's cash offer of 420p. Bunzl shares gained 15p to 468p, while ESE rose 2p to 118p.

THE LEX COLUMN

Whisky chasers at Guinness

After several weeks of indecision, the equity market seems to have made its mind up; in line with the wintry weather, it has gone into a definite sulk. That is no doubt largely to be laid at the door of Lord Hanson and other corporate sponges, unable to resist the lure of a market which—in the aggregate—is still extremely close to its highest levels and offers equity at yields which may be hard to match when the next results season rolls round.

Index ***rose*** **2.1 to 979.1**



Guinness/Bells

Guinness has been itching to make a big acquisition for at least a year but hardly anyone *had anticipated a deal as auda*cious as yesterday's offer for Arthur-Bell. Even on the current terms the bid would *enlarge the group's share* capital by almost two-thirds and Guinness would really have to stretch if, as seems likely, it is *required to pay more.* But at least as imposing as the financial arithmetic is the doughty strength of its target.

Arthur Bell is a well-managed company which treasures its independence, sports an ungeared balance sheet and can point to a long-term record of consistent profits growth far superior to that of Guinness itself. For all the industrial logic of the deal—and there is plenty of it—acquiring Bell will be no push-over.

If Guinness *hoped that by* offering a rich initial premium it would be saved the trouble of paying more later, it was rudely *disappointed.* The Bell share price has been moving against the offeror all week. A 9 for 10 offer would have represented a 60 per cent premium to the Bell price on Monday morning and might legitimately have been interpreted as an attempted knock-out. By yesterday morning the premium ha dshrunk to 34 per cent and at close of play the Guinness equity offer was trailing precisely 10 pe rcent behind the Bell share price.

Guinness may well be expecting to pay more, although it is difficult to see how the group can improve very much on these terms. Prospective earnings dilution is a hefty 9 per cent already and, with its own shares standing only 7p above the price at which the cash alternative is being underwritten, Guinness might struggle to bring the underwriters on board second time round. It is in a position similar to that of Tate and Lyle, which advanced some cogent arguments for the purchase of Brooke Bond and then *found itself utterly outgunned* by Unilever.

A counter-bid must again be a strong possibility, although the list of potential suitors cannot be too long. The Scottish ring-fence may still be strong enough to keep foreign pur*chasers—Hiram Walker, Sea*gram or even Suntory—at bay, although it has weakened perceptibly since the Highland *Distilleries and Royal Bank of* Scotland decisions. The brewers will probably be scared off by memories of their unsuccessful diversification into whisky during the mid-1970s, which leaves a handful of plausible UK bidders.

Guinness should marshal enough commercial arguments to counter the claim that it is simply digging itself deeper *into cash-generative but mature* consumer products. Bells is finding it increasingly hard to maintain the momentum and might well benefit from the injection of Guinness marketing flair and drive. Guinness may underestimate the difficulty of establishing. Bell's as a U.S. brand but it has certainly been no slouch in penetrating the American beer market.

Concert parties

It never rains but it pours. The requisitioning of shareholders' meetings to gain company control has ever been a colourful feature of the City fringes, but it is a shade unusual to see two such ploys scheduled for the same week. Neither Windsor Securities, the insurance broker, nor Phoenix Timber would be of much interest to any but their unfortunate shareholders — including, it appears in the latter case, a group of Soviet citizens. The problem is that the Takeover Panel has been obliged to devote a disproportionate time to discovering whether the requisitionists built up their stakes in concert to 30 per cent and must bid; and, as ever, has failed so far to disprove that these are merely disgruntled shareholders who suddenly decided to vote together.

The defenders warn that if they lose control of the two companies at the end of the month, this will unleash a flood of back-door cashless takeovers by men without conspicuous experience in the running of public companies. But in the end, it is a matter of policing—and not just for the beneficiaries of the "Russian Trust" at Phoenix, if their identities have to be revealed. The passage on concert parties in the takeover code may be the envy *of the civilised world;* but it looks next to unenforceable.

Chloride

The production disasters befalling Chloride in the U.S. with its latest innovative car battery *do not give much of* a spark to talk of revolutionary batteries yet to come. But management had some pretext yesterday for trying to recharge the old enthusiasm for sodium sulphur technology—development funds are in the offing from the U.S. *Government*—and presumably almost anything was better than having to dwell on the U.S. results for the year to March.

A design setback has reduced North American operating profits from £5.1m to nothing. This has almost obliterated the painstaking gains made by Chloride in its non-automotive UK markets and has prompted a re-jigging of the U.S. pension fund"s actuarial surplus to create scope for a £3.3m provision against future warranty claims. The net outcome only underlines Chloride's two chronic problems. Its tax posi*tion remains hopelessly* out of the group's current operations line with its earning power and are still soaking up the cash *proceeds of disposals,* leaving the balance sheet as strapped as ever.

And, indeed, smaller. Despite pre-tax profits virtually flat at £14.2m, the group's net worth has contracted by £8m. Chloride's following in the City has probably shrunk as far as it can go by now: even the renewed freeze on the preferred dividend cut only 2p off the ordinary shares, which closed at 30p.

Northern Foods buys Bowyers

By Lionel Barber

NORTHERN FOODS is to boost its meat business signi*ficantly by buying Bowyers,* a loss-making meat pie maker and distributor, from Unigate in a deal worth about £21m.

The deal *will* increase Northern Foods' meat sales to about £275m and almost double its workforce in that sector to around *8,000.*

Bowyers makes and distributes meat pies, sausages and other cooled meat products in the south and south west of England, complementing Northern's mainly Midlands-based operations.

In the year to March, Bowyers recorded a £1½m pre-tax loss on sales of £115m. Northern Foods promised "vigorous investment" to turn the company round. Mr Christopher Haskins, deputy chairman, said: "We are confident we can *improve profit*ability."

Unigate bought the combined Bowyers and Scott Meat *Products for £44m in 1973 in* a first step towards broadening its food base away from milk distribution.

Though *its* diversification, which includes a move into transportation has largely proved successful, with milk *now accounting for only 50 per* cent of profits, compared with 90 per cent in 1973, the excursion into meat activities never *came off. Scott was closed in* 1981 and Bowyers has suffered from under investment.

Northern intends to put Bowyers *into its Meat Group,* but it will remain separate from the successful Pork Farms, bought in 1978, which last year made £11m pre-tax profits on £126m sales.

Mr Haskins said there was scope for rationalisation and some job losses were likely, though he would not say how many.

In the deal, Northern will pay £3m in cash for the issued share capital of Bowyers and will assume debts of £18m.

Bowyers' net assets are estimated at £27m.

Argentina's expected currency reforms set off buying spree

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINES YESTERDAY rushed into a last-minute buying spree in anticipation of an announcement last night of radical economic measures by President Raul Alfonsin.

Officials confirmed that the President would be revealing details of a new national currency and a price and wages freeze which are to be introduced in an attempt to reduce the country's *1,000* per cent annual inflation rate.

An unscheduled nationwide bank holiday was imposed yesterday after a heavy withdrawal of deposits on Thursday and widespread speculation on the foreign exchange black market.

Yesterday afternoon the exact form the currency reform would take remained an official secret, though there *appeared to be* widespread public acceptance that it would be much bolder than anything attempted in *Argentina before.*

Senior officials privately admitted that the Government had reluctantly accepted that a profound overhaul of the economy was necessary to avoid future social chaos and a possible default of the country's $48bn (£38bn) foreign debt.

The economy has been undermined by persistent high rates of inflation in recent years. This has provoked serious distortions in prices and wage levels, adversely affected banking practice, and plunged the country into unprecedented recession.

Initial reaction to the expected measures was one of confusion verging on panic, with queues outside shops throughout Buenos Aires as people rushed to buy durable goods to protect their savings.

However, the Government is counting on Sr Alfonsin's personal prestige and a planned publicity campaign in the media over the weekend to restore calm before banks and foreign exchange dealers re-open on Monday.

Neither a currency reform nor a prices and wages freeze is mentioned in the memorandum of understanding with the International Monetary Fund which was released earlier this week. However, Argentine officials said privately that the measures were discussed in secrecy with both the *IMF* and the U.S. Government in recent weeks and were approved by both as a necessary shock treatment for the Argentine economy.

The Government is meanwhile determined to push ahead *with its commitment* to a tough monetary and fiscal policy aimed at reducing the budget deficit from 12.75 per cent of *gross domestic product* in 1984 to less than 6 per cent by the end of the first quarter of 1986.

The currency reform and prices and wages freeze would have a test period of about two months during which the IMF executive board is expected to reach a final decision on whether or not to release a $1.4bn standby credit.

EEC urged to raise video tariff

BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN COMMUNITY countries should raise the 8 per cent tariff on video cassette recorders, imported mainly from Japan, to 14 per cent, the Commission in Brussels proposed yesterday.

The cost to consumers is estimated at $500m (£391m) a year.

The Commission suggested that tariffs on electronic calculators, magnetic tapes and films, alarm clocks and semi-conductors be reduced by an unspecified amount.

The 17 per cent EEC tariff on semi-conductors has long been widely criticised by electronic equipment manufacturers, who complain that it has added unnecessarily to their costs.

The proposals will be put to Community ministers, and if agreed will permit the Commission to start negotiation in the General Agreement on Tariffs and Trade in Geneva for a change in EEC tariff bindings.

Under international trade rules if a country wishes to raise a tariff it has to negotiate equivalent compensation with *the* supplier countries affected. The whole process would take several months.

The Commission's proposal goes part of the way toward meeting industry demands, chiefly from Philips of the Netherlands and Thomson of France, in the face of severe Japanese competition.

Industry has been advocating both a rise in the video cassette recorder duty to 14 per cent and an increase in the tariff on popular audio and video products, to the same level.

Most present duties range from 4.9 to 8 per cent. *Philips* has sought a 19 per cent tariff on all new consumer electronics products.

The catalyst for the Commission proposals is the expiry at *the end of the year of a* voluntary restraint agreement between Japan and the EEC on video cassette recorders.

This agreement, reached at the start of 1983, has held down the number of Japanese machines sold in the EEC. The *limit this year is 2.25m com*pleted machines and 1.7m chassis kits, destined for EEC plants assembling Japanese *machines with* a substantial European content.

Under the terms of the agreement what is in effect a *reserved segment of 1.4m video* cassette recorders was allotted to European manufacturers on the basis that the total EEC *market* this year would be about 5m units.

Brussels move on cereal farmers, Page 2

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Exch. 15pc 1997	£125¼	+ ⅛	Adams & Gibbon	243	— 15
Appledore (A. & P.)	356	+ 44	Brammer	338	— 40
Bell (A.)	263	+ 71	Castle (G. B.)	17	— 5
Boots	188	+ 6	Costain	392	— 8
Bunzl	468	+ 15	Flexello Castors	77	— 8
Caledonian Offshire	680	+ 35	Guinness	257	— 16
Energy Capital	182	+ 12	Land Securities	275	— 7
Insight	182	+ 12	Micro Bus. Systems	117	— 18
Lucas Inds.	333	+ 14	Micro Focus	235	— 25
Petranol	225	+ 25	Minet Hldgs.	184	— 6
Tex Abrasives	118	+ 26	RHM	137	— 8
Tomkinsons	145	+ 8	Redland	272	— 10
Wlvehptn Stm Ldry	51	+ 4	Telecomputing	420	— 40
			Utd. Leasing	312	— 20
			Westland	126	— 19

WORLDWIDE WEATHER

UK today: Mainly dry in W and C. Cool with scattered showers in E. Temperatures normal elsewhere. Outlook: Dry at first, rain later.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	29	84	Corfu	S	27	81	Luxmbg.	C	16	61	Peking	C	21	70
Algiers	S	28	82	Dallas	F	17	63	Madeira	F	20	68	Perth	R	17	63
Amsdm.	R	12	84	Dublin	C	11	52	Madrid	S	26	79	Prague	F	17	63
Athens	S	28	82	Dbrvnk.	S	25	77	Majorca	S	29	84	Rykjvk.	F	9	48
Bahrain	S	35	95	Ednbgh.	F	12	54	Malaga	S	31	88	Rhodes	S	28	82
Barclna.	S	24	75	Faro	S	22	72	Malta	C	27	81	Rio J'o†		—	—
Belfast	F	15	55	Florence	C	24	75	M'chstr.	C	14	57	Rome	F	27	81
Belgrd.	S	22	72	Frankft.	C	17	63	Melbne	F	13	55	Salzbrg.	F	21	70
Berlin	C	14	57	Geneva	S	22	72	Mx. C.†		—	—	S'ciscо†	F	13	55
Biarritz	C	18	64	Gibrltr.	S	25	77	Miami†	F	22	72	Singapr.	F	31	88
Bmghm.	C	13	55	Gl'sg'w	F	14	57	Milan	F	22	72	S'tiago†		—	—
Blackpl.	S	13	55	G'rnsey	F	13	55	Montrl.†	F	11	52	Stckhm.	F	18	64
Bombay	F	31	88	Helsinki	F	17	63	Moscow	C	21	70	Strasbg.	S	19	66
Bordx.	F	22	72	H. Kong	C	26	79	Munich	S	20	68	Sydney	S	16	61
Boulgn.	C	13	55	Innsbrk.	F	21	70	Naples	S	28	82	Tangier	F	21	70
Bristol	F	14	57	Invrnss.	R	10	50	Nassau		—	—	Tel Aviv	S	27	81
Brussels	F	14	57	I.o.Man	S	12	54	Nwcstl.	C	10	50	Tenerife	C	23	73
Budpst.	F	20	68	Istanbul	S	24	75	N Delhi	S	38	100	Tokyo	C	17	33
Cairo	C	34	93	Jersey	F	14	57	N York†	S	14	57	T'r'nto†	F	11	52
Cardiff	F	15	59	L. Plms.	S	23	73	Nice	C	20	68	Tunis	S	29	84
Cape T.	S	18	64	Lisbon	F	22	72	Nicosia	S	27	81	Valencia	S	27	81
Chicg.†	F	12	54	Locarno	C	18	64	Oporto	C	19	66	Venice	F	23	73
Cologne	C	13	55	London	C	15	59	Oslo	T	15	59	Vienna	S	20	68
Cpnhgn.	R	14	57	L. Ang.†	C	17	63	Paris	F	18	64	Warsaw	C	14	57
												Zurich	F	19	61

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

† Noon GMT temperatures.

Continued from Page 1

Birthday Honours

Tory MP who is a consultant at the Royal Sussex Hospital and responsible for treating Mr Norman Tebbit, Trade and Industry Secretary, and Mr John *Wakeham, Government Chief* Whip, gets a knighthood.

Mr David Skidmore, consultant at the Joyce Green Hospital, Dartford, is awarded an OBE. He was attending the conference and went into the wrecked hotel to attend the injured in circumstances of "horrifying danger."

Mr David Bellamy, senior Health Officer at the Royal Sussex Hospital, who worked alongside Mr Skidmore, becomes an MBE. Mr Frederick Bishop, station officer at East Sussex fire brigade, also becomes an MBE.

An honorary OBE goes to Dr Perebz Avilla of El Salvador who was on secondment and was in charge of the casualty unit at the hospital.

Two senior Tories, whose wives were killed in the Grand Hotel bombing, Mr Donald MacLean and Mr Gordon Shattock, are knighted.

Mr Malcolm Edwards, the National Coal Board's marketing chief for the past 12 years, is made a CBE. During the miners' strike he spearheaded the board's efforts to supply customers in spite of the steep drop in output and obstruction by railwaymen and seamen.

Mr Roy Ottey, who becomes an MBE, was one of the most outspoken disenters on the executive of the National Union *of Mineworkers, before stepping* down from the secretaryship of the union's power workers group.

There are 45 Conservatives given political honours by Mrs Thatcher and five Liberals who *were put forward* by Mr David Steel. Labour and the Social Democrats refused to recommend members for political honours.

Senior Tory backbenchers Mr Eldon Griffiths, MP for Bury St Edmunds and adviser to the Police Federation, and Mr Peter Hordern, MP for Horsham, receive knighthoods. So does Mr Russell Johnston, Liberal MP for Inverness and Leader of the Scottish Liberal Party.

Mrs Jill Knight, Conservative MP for Birmingham, Edgbaston, becomes a Dame Commander of the British Empire. Mrs Jennifer Jenkins, wife of Mr Roy Jenkins of the SDP, also becomes a Dame in recognition of her public services as chairman of the Historic Buildings Council from 1975 to 1983.

Mr David Attenborough, former director of programmes for BBC TV and presenter and producer of several distinguished natural history series, is awarded a knighthood. His brother, Richard, already has a knighthood for services to the film industry.

In sport Mr Ray Reardon, several times World Snooker Champion, becomes an MBE.

In the arts Mr Philip Larkin, the poet, becomes a Companion of Honour. Other honoured in the arts include Miss Catherine Cookson, the novelist (OBE), and *Mr Derek Jacobi, the actor* (CBE).

Continued from Page 1

GEC

They should be amalgamating or collaborating with other ocmpanies to secure export markets which they cannot secure and they will not survive at their present turnover on *UK-only* purchasing."

He compared the annual turnover of GEC and Plessey with *other major manufacturers of* telecommunications equipment, including AT & T of the U.S. and said: "It would appear to me that they are fairly low in the international league."

Lord Bruce called on the minister to say whether he had made a statement of "official government policy" towards GEC and Plessey.

He argued that it was wrong for a minister in a government which had created an economic climate which was so damaging to British manufacturing industry to denigrate two of the leaders in the *telecomunica*tions equipment field.

Lord Lucas said he had not sought to introduce government policy. "I am not denigrating. I am stating facts. The facts and figures speak for themselves."

The exchanges opened with Lord Orr-Ewing (Con) asking whether British Telecom's announced expenditure of £100m to purchase System Y from Sweden and £25m to purchase U.S. equipment for its derived services network (Freefone) was in accordance with undertakings given to the Lords in February last year.

Lord Lucas replied that the Government had never given any undertaking on British Telecom's purchasing decisions which were a commercial matter for the company. The two contracts cited represented only 3.5 per cent of British Telecom's total planned procurement over the two years concerned. Well over 90 per cent would be placed in the UK.

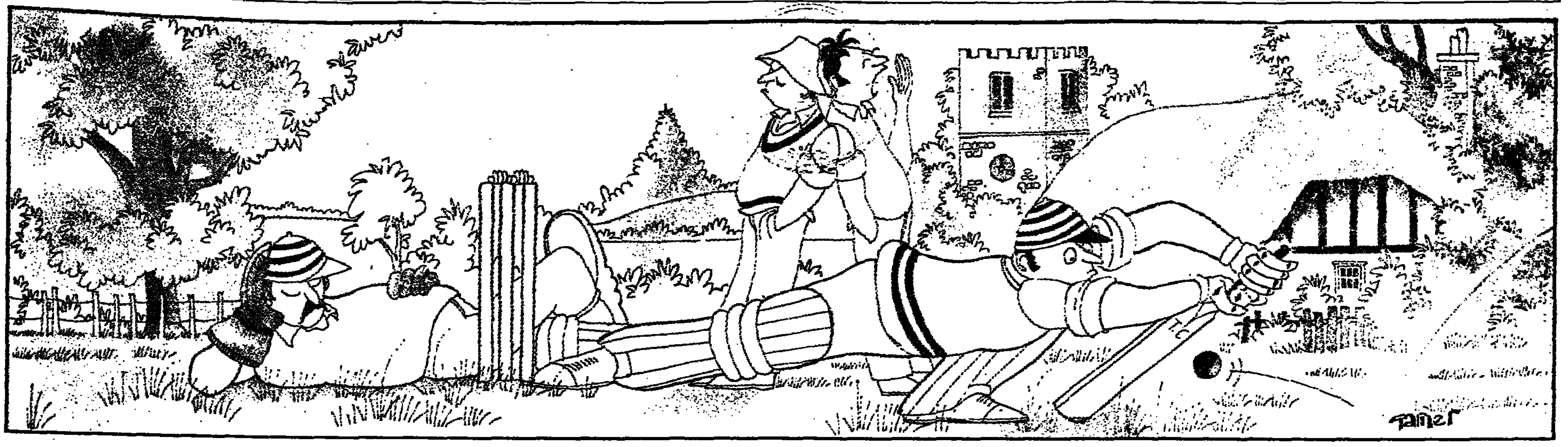
Lord Orr-Ewing said he supported competition but the British *telecommunications* equipment manufacturing industry needed more time to adjust before having their firm home base *eroded by* overseas suppliers.

Lord Lucas retorted that the British companies concerned *had at least seven years in* which to arrange their affairs.

WEEKEND FT

Saturday June 15 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •



Ritual on the village green

In 1971, the idea of a national championship for village cricketers was born. This year, there were 639 sides aiming for the final at Lord's in September. John Graham reports.

THE THREE distinguished gentlemen at Lord's some years ago had a problem. They wanted the answer to a deceptively simple but potentially explosive question: "What is a village?"

Well, we all know the answer to that one. A village will have a duckpond, a village green and a pub. A number of cricketers, almost certainly not 22, are re-enacting their measured ritual. Japonica glistens like coral, butterflies bellow in neighbouring meadows, thatchers and bridle-makers sip their cider contentedly. Golden lads and lasses are up to no good in the hedgerows and the parson is composing his sermon, though some do say he is asleep. If a party of American tourists should chance to pass by, they will search their minds for an adjective to describe this idyllic scene and the result will be either "quaint" or "darling."

Possibly the play at Lord's was rather dull that day, because something of this rural image seems to have infected Aidan Crawley—politician, television mogul and later president of the MCC. He told his companion he had a vision of a match that would take the game back to its roots, with two champion village teams battling it out for national glory on the sacred turf of cricket's world headquarters.

Jim Swanton paid scant attention—a professional cricket writer must encounter many eccentricities in his time—but the third distinguished gentleman took notice, and is without doubt the guilty man. Ben Brocklehurst had been amateur captain of Somerset in the 1950s, and I suspect he never quailed before the quickies. He didn't quail now before Crawley's suggestion, and the two of them set out to establish a national village championship. It was 1971.

"We wrote to 19,000 villages," he recalls. "We got them from an AA book of villages, and we wrote to the pub or the local garage. We settled on 2,500 as the maximum population and said that a village must be surrounded by green fields on all sides. We got more than 1,000 replies, and Lord's was appalled!"

Thus was born the National Village Cricket Championship, sponsored first by Haig and then, until last year, by Whitbread. There are 639 entrants this year, though by this stage of the season they should be down to 128. The final will be played at Lord's on September 1.

Most people would flinch at the task of controlling 639 villages scattered over the length and breadth of the kingdom. It is a task of logistic complexity, equalled in history only by the Normandy landings or Xerxes' doomed expedition against ancient Greece.

The power centre for the operation is the Brocklehursts' house in the Kent countryside just outside Tunbridge Wells. Ben and his wife, Belinda, run the competition, but he is also managing director of The Cricketer magazine; and while reminiscences are swapped beside the lily pond, computers and word processors are whirring away in a distant part of the building. The early rounds of the competition have been played by now but the draw must be made for the next round and every surviving village informed.

The competition began in the snowstorms of May, and some of the early match reports are collectors' pieces in themselves. In Hampshire, Ramsdell appear to have got the better of Shipton Bellinger; they needed only four and a half overs to knock off the runs, having dismissed the luckless Shipton Bellinger for 21. But let it not be said Ramsdell were anything but magnanimous in victory, for their match report records "Shipton Bellinger at one stage were 8 for 8, but recovered to 21 all out." And the losers' version: "The pitch was a mud heap. That's our story and we're sticking to it—literally."

In the west Cornish village of Troon, they take their village cricket very seriously. They have reached four finals in 13 years, and won three of them. They have the advantage of a fine ground, owned by the council and good enough to be used for the Cornwall-Devon minor counties game. It is surrounded on three sides by farms and on a clear day you can see St Ives. Legend has it that cricket was introduced to England by the giant Bolster, who used to reign over west Cornwall. Bolster would stand with one foot on Carn Brea and the other on St Agnes Beacon, because he was six miles high.

His descendants may not have such stature, but they are the dominant village team in the history of the championship. Many weekends they can field four teams, and there are regular coaching sessions. Out of a population of 1,800, there are no fewer than 400 members of the cricket club.

If Troon carry the individual honours, the dominant region must—somewhat surprisingly—be Wales, for Welsh villages have won the title four times in the past five years, and the present champions are Marchweil (Clwyd). They, too, have a fine pitch, within the grounds of Marchwiel Hall.

Wales and Cornwall may have their names writ large in the history of the championship, but there is, as always, no forgetting Yorkshire, heartland of English cricket. Yorkshire villages have reached the final three times, though only one, East Bierley, has won. The county has about one fifth of the total membership of the National Cricket Association and provides no fewer than four of the 32 regional groups in the village championship.

One man who turned out for Marchwiel for more than 30 years explains how village cricket has changed in recent times: "It's played much harder now, since the leagues were introduced in the 1970s. It's more competitive, and there have been changes for the worse. Bad habits have filtered down from the first class game to village level."

But these do not seem to amount to much more than traditional schoolboy mischief; pranks and deceptions of a Wodehousian character. Players sometimes are slipped into a team under assumed names, says Brocklehurst, but inter-village intelligence is well up to Cheltenham GCHQ standards and such tactics are easily exposed. When a village in Kent insisted on postponing a fixture because the ground was unfit, it was a simple matter for their opponents to discover the real reason: the skipper was getting married that afternoon and the entire team would be at the church. So they were, in their wedding finery, only to be confronted by 11 flannelled visitors claiming the match by default.

In general, the rules are few and sensible. A village must be a rural community and a player must be a paid-up member of the club and have played eight matches in the previous three years. But he need not reside in the village, so the squire's son can work on the stock exchange and still qualify. Cricketers from the first class game are disqualified until they are 60 years old, but someone who has made just one appearance for a minor county is all right. Anyone who has been paid a fee from any source for playing cricket in the present or previous season is ruled out, but legitimate out-of-pocket expenses are reimbursable.

The genuinely amateur nature of the championship is thus ensured, at least on the surface. There is no telling what payments change hands in the butler's pantry, but the official rewards can hardly explain the enormous interest generated by Crawley's brainchild. When Whitbread was the sponsor, the prize fund was around £12,000, but it has dropped to less than half that sum this year. The winning team will receive £500—a suitable means for celebration.

So why has Whitbread dropped out? The company says it never intended to sponsor the competition for ever (although it remains on excellent terms with the organisers). It remains heavily involved in sports sponsorship, though, from ice hockey to horse racing and yachting. The clue could have something to do with the fact that every single person I asked about the village cricket referred to the "Haig competition," in memory of the first sponsor.

Haig and Whitbread played a key role in revitalising cricket at its grass roots but there have been other factors. The game has declined in schools in the past 15 years: land is expensive and only a few players can be on a field at the same time, so the lads have asked their villages for a game. This has led to the formation of leagues, more urban than villagy and highly organised at all age-levels; they have generated high interest and much sponsorship.

The economics of coarse cricket are rather surprising. Alan Ransome, captain of the Robertsbridge XI in Sussex, reckons their annual expenses at no more than £700: "We're lucky to own our own ground but we raise all the money we need ourselves, from subscriptions (£5 per head and a £1 match fee) and various events." Robertsbridge have about 30 active members who play around 30 games a season.

But they do not play in the national championship. They are prepared to work hard at the game—roll their pitch, rustle up a team from the pub, and so on—but they don't want to take it too seriously. In the really competitive villages you don't get picked unless you are a good player: at Robertsbridge, they play the way villages have always played.

This type of cricket is alive and well as ever. It has no need of the formal structure of a national championship. Here is batting unencumbered by science, small boys press-ganged to field in teh deep, and umpiring beyond the borders of venality; in short, most of the traditional English virtues. But whether your village team is of the rustic variety or the more recent glory-seeking competition variety, they are linked by a common thread: the art of low cunning and compromise, as exemplified in the championship a few years back . . .

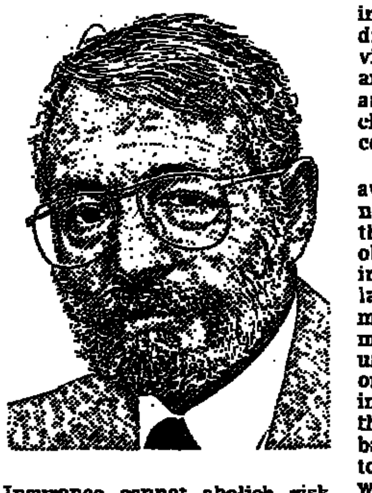
In one of the later rounds, a team became suspicious about one member of the opposition due to play against them the following day, by name R. Gilchrist. He didn't look like an English villager. Could he, by any chance, be the same R. Gilchrist who played several Test series for the West Indiesies in the 1950s? They informed the authorities, who wanted to know if they wished the player to be disqualified?

No, came the answer, we just wanted to let you know in advance. If we win, well good; if we lose, we'll ask for a victory by default.

The Long View

Yes, there's moral hazard in the markets

Insurance cannot abolish risk, only spread it; and once spread it is likely to increase . . . there have never been bigger opportunities (or dangers) for the uninsured player on the fringe of the markets, warns Anthony Harris



"ARE YOU paying for this, guv, or is it an insurance job?"

Few readers can have been careful, or lucky, enough to have escaped a discussion containing a question like that: and few, I fear, are virtuous enough to have resisted the implied invitation: let's deal with that patch of rust, or the bumper you bent on the gatepost while we're making a claim. A twinge, perhaps? That is what central bankers, in a slightly different context, would call moral hazard.

The doctrine of riginal sin, however, is only of very limited use in financial analysis, so perhaps it is more helpful to describe the problem as an illustration of a natural law—the Second Law of Insurance (the first, of course, being simply the Law of Large Numbers, or lightning does strike twice).

This law simply states that while insurance reduces risk for the individual insured, it increases risk for the system as a whole—as some Lloyd's names have recently been reminded, at heavy cost. The moral hazards of insurance are carelessness and fraud.

The central bankers, who provide a kind of insurance for depositors—through their lender-of-the-last-resort activities—face a similar problem. They feel compelled to prop up any but the smallest institutions in order to protect the system as a whole; but knowing they feel like this makes it much easier for incompetent or downright nefarious management to attract deposits. Lender-of-the-last-resort insurance makes the world safer for the users of banks, but allows bankers to behave more dangerously.

If this was simply a problem for central bankers and insurance managers, the rest of us need hardly bother our heads about the problem unduly. At least it shows why we need highly paid directors, rather than computers following automatic rules to make the right decisions.

The bad news, though, is that investors increasingly face similar problems. The insurance principle of risk-spreading has been permeating a larger and larger proportion of the financial markets, though interest rate and currency swops, international syndications, floating interest rates, forward, futures and options markets, and all the rest of it.

Unfortunately, the Second Law holds good here just as it does in your local repair shop. Insurance cannot abolish risk, it can only spread it, and once it is spread, it is likely to increase. As the smart money has tried to hedge against risks from movements in interest rates or exchange rates, these rates have become vastly more volatile. There have never been bigger opportunities—or bigger dangers—for the uninsured player on the fringe of the markets.

Remember, though, that the Second Law says total risk is increased; so we are not just discussing volatility, which provides equal measures of risk and opportunity. There also is an extra risk—a much higher chance of bankruptcies: but that comes at the end of the story.

The ways in which risk-avoidance increase volatility are not always easy to trace, though the results are easy enough to observe. The simplest case is interest rates. As we saw in last week's column, we have moved from a world in which much borrowing was done under fixed-rate contracts to one in which floating rates are increasingly the rule. This is the result of the efforts of the banks and other intermediaries to eliminate the risk they faced when borrowing short and lending long—finding that they had to pay more for deposits than they were earning on loans.

The result has been to make the system much more robust—the kind of solvency crisis that now faces the U.S. savings and loans is something of an historical curio; but it has also made the system much harder to control, as the Bank for International Settlements rather belatedly notes in its annual report this week. As a result, governments have to impose much bigger interest rates changes than before in their efforts to control money and credit.

In other markets, the story is a little more complicated, but the result is the same. Consider, for example, the operations of the rapidly growing futures and options markets.

On the face of it, a futures market is simply a betting operation on price movements and, like horse-race betting, should affect the performance of the runners only if there is something criminal going on. Any reader who disapproves of speculation might describe it as running side-bets in a casino, but it seems even less likely that this activity could affect the roulette wheel.

However, the fact that futures and options markets make it possible to speculate outside the "real" markets could cause trouble; for as economists have been telling an unbelieving world for a century or two, speculation tends to stabilise prices.

Take a fund manager who thinks the market is getting too high. If he is old-fashioned, he will go liquid—and in doing so, help to arrest the rise in prices. If he is thoroughly modern, he will save dealing costs by keeping invested, but selling the index in the futures market—or even placing a sufficiently large bet with Ladbrokes. No sale is made, and so bearish opinion loses its restraining interest on prices.

A similar analysis would help to explain why exchange rates and commodity prices are so jumpy nowadays.

The trouble is that, sooner or later, this volatility affects the real world. Shrewd businessmen will effect their own insurance—Jaguar, for example, sells its expected dollar receipts up to a year ahead in case sterling rises; but this simply makes the impact of key price changes on profit margins harder to predict. In the end the strains will show, as is happening now in U.S. industry.

To be sure, the banks, who have passed on interest rate and exchange rate risks to their customers by their own risk-avoidance activities, are not unaware of the problem. As long as reasonable hope remains alive, they will act as lenders of the last resort to their credit clients, just as the central banks do to them. So the risks get passed round and round.

However, this game of pass-the-parcel is not only hazardous in itself — some exemplary failures will occur, if only to limit losses or encourage prucontinue only as long as a little band of central bankers continue to provide the music. Listen for sour notes.

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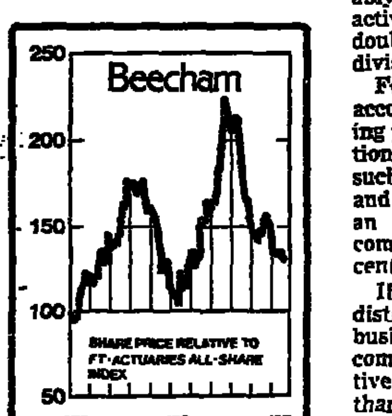
Share prices wilt under pressure of rights issues

THE MARKET is beginning to find the corporate sector's appetite for new money a bit of a strain. Yet when an attractive new issue comes along like Abbey Life investors show no hesitation in getting out their cheque books. The Abbey offer of £243m worth of shares attracted a staggering £4.7bn of applications. As the deadline scenes outside the banker's accepting office became frantic for applications drew near, the with the stags rushing in at the last minute.

While there is undisputed enthusiasm for the chance of a staggering profit, share prices generally are slowly wilting under the constant pressure of rights issues. Hanson Trust joined the queue this week with a surprise £519m call—partly of straight equity and partly of convertible preference stock—which is a record for the industrial and financial sectors. Only BP can claim to have gone higher with its £624m issue in 1981.

The surprise in the City was not that Hanson is issuing even more paper—the event is almost as regular as Big Ben's chimes. Hanson caught the market unprepared by issuing equity without announcing a takeover. Over the years, the group has acquired the ability to make bids using its well rated paper as currency, and then to watch its share price rise even further on the news—an unusual trick to say the least. So a straightforward rights issue is arguably a less effective way of funding its ambitions.

While the rights caused the market to mark the price down, it makes the game of trying to spot the next takeover target more interesting. Hanson watchers had been anticipating a big acquisition for some time. Anything up to £500m seemed within the group's grasp. But with the rights issue eliminating its debt Hanson would now have no trouble launching a £1bn bid. That opens up the field and in fact some of the long fancied targets, such as Tate & Lyle, now look a bit too small for Hanson's net.



There is speculation that Hanson might go for Thorn EMI, Reed Publishing, Bowater, Metal Box, Boots and so on. Yet it is by no means certain that the next deal will be in the UK at all. Profits are roughly equally split between the U.S. and the UK, so any large purchase is going to swing the balance where ever it is made. While the London brokers are merrily predicting a UK bid, the hunting might be easier on the other side of the Atlantic where potential targets are not sheltering behind frothy speculative share ratings.

If Hanson's rights issue met with a slightly cool response, Taylor Woodrow's £42.3m cash call went down like a lead balloon. Analysts condemned the issue as totally unnecessary. In its last balance sheet, the civil engineer displayed liquid resources of £85.6m and debt of only £34.8m, including some convertible dollar bonds.

Taylor Woodrow is not short of money and it is short of explanations for the issue. The proceeds are evidently earmarked for developing the UK property portfolio and to support working capital requirements in the U.S. and Australia. The reasons look a little limp, especially as any property developer worth his salt would surely prefer to fund through bank debt rather than equity issues. Shareholders are not going to be pleased with earnings and asset dilutions of, say, 5 per cent for no obvious reason.

Whether for good reasons or bad, the flow of rights issues shows no sign of abating. So far they have amounted to around £3½bn this year, more than double the total for the whole of 1984. If new issues, such as Abbey's offer are included a total of £4½bn has been raised in a little under six months. As for Abbey's price, whereas market men were talking of a 20p to 30p premium over the 180p issue price a week ago they are now brightly thinking of 40p or 50p premiums for the lucky few who will get stock.

The offer for sale of nearly 21 per cent of Christian Salvesen next week might not be a stagging exercise on the scale of Abbey, but the pricing for one of the country's largest private companies is fairly pitched.

On Monday a full prospectus will be advertised for an offer

London

for sale of 57.1m shares in Salvesen at 115p each, valuing the whole group at £315m. The group could be labelled either as a diverse industrial holding company or a bit of a hotchpotch, depending on your degree of enthusiasm for conglomerates. Yet if some of its subsidiaries do not sit comfortably alongside the mainstream activities, the market will undoubtedly latch on to the food division with some excitement.

Food related activities account for 60 per cent of trading profits and the food distribution business, with customers such as BHS, Marks & Spencer and J. Sainsbury, appears to be an excellent operation with a compound growth rate of 40 per cent since 1983.

If Salvesen was purely a food distribution and warehousing business, it could probably come to market on a prospective p/e in the mid-teens rather than a rating for 1985-86 which is probably nearer to 12. So the price takes into account the duller spots in the group profile and the slight sourness of the market generally at the moment.

It looks as if a premium of 10 to 15 per cent over the offer price could be achieved when dealings start, which would keep everybody happy. The one thing the merchant bankers want to avoid is a repeat of the unseemly rush that greeted another food company, Hillsdown, earlier this year. Its price raced up to 180p before settling back to the current level of around 145p—right in line with the February striking price.

The demand for new funds is probably the most significant feature behind the current weakness of equity prices at present. For some time investors have turned their backs on the bears who have expressed concern over interest rates, the exchange rate and the oil price, and nothing has dramatically changed over the last week to account for the sombre mood.

The quarter point drop in base rates by Barclays and Midland to 12¼ per cent—in line with NatWest and Lloyds—confirmed thoughts that interest rates are stuck around current levels for at least the next few weeks. But assuming the oil price does not crash, which

LORD HANSON, the chairman of Hanson Trust.

seems a fairly safe assumption, there is little reason to suppose that genuine pessimism will get the better of the market.

Uninspiring results from major companies do nothing to brighten the market's view, however. This week it was the turn of Beecham to disappoint its shareholders. For the full year to March, pre-tax profits rose by £38m to £306.1m which was some £10m shy of expectations. Some investors had been hoping that Beecham would demonstrate that it had shaken itself free of the indifferent performance of recent years. It was not to be, and the fall in its shares spilled over to depress the whole sector.

Taking into account currency changes and maiden contributions from acquisitions, it looks as if the pharmaceuticals side produced virtually no profits growth at all. Consumer products fared better. Making the same adjustments, there was an underlying profits rise of around 13 per cent although the market does not find this particularly encouraging either as, in share rating terms, drugs are worth more than cosmetics.

The group's stated ambition is to achieve a profits growth rate of 15 per cent—although the harder you look the harder it gets to see how that goal can be achieved from Beecham's base. The pharmaceutical operation is unlikely to turn in that level of growth in the foreseeable future and it may well continue to shrink in terms of its group earnings. The consumer products side can only sustain a steady increase of over 15 per cent if it is fed on a diet of acquisitions—which could dilute shareholders' interests.

No wonder Beecham is commanding a less-than-glamorous rating. The shares have come back a long way relative to the market and the decline may not be over yet. Investors in the sector are likely to find the likes of Glaxo or Amersham more attractive propositions.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ord. Index	979.1	−22.5	1,024.5	928.7	Cash calls divert funds from equities
A. B. Electronic	290	−65	538	280	Adverse comment on computer industry
Amersham Intl.	343	−30	380	329	Disappointing annual results
Beecham	345	−25	390	338	Disappointing preliminary figures
Bell (Arthur)	263	+105	270	130	Bid for Guinness
Body Shop Intl.	675	−155	853	440	Excellent interim profits discounted
Burmah Oil	262	−20	304	200	Fading bid hopes
Caledonian Offshore	680	+115	680	185	Rumoured bid from U.S. oil group
Energy Capital	60	+14	68	17	Talk of stake changing hands
Insight	182	+36	184	90	Takeover speculation
LASMO	250	−23	378	250	Recent weakness in crude oil prices
Lucas Inds.	333	+28	333	246	Hanson Trust bid rumours
Metal Box	460	+58	477	375	Better-than-expected results
Micro Focus	235	−85	970	235	Stringent rationalisation proposals
Minet Holdings	184	−33	307	182	Comment on underwriting losses
Pineapple Dance Studios	38	−12	90	30	Nervous selling
Resource Technology	50	+23	50	27	Agreed bid from Swiss group
Sound Diffusion	70	−22	140	62	Annual profits well below expectations
Taylor Woodrow	408	−42	458	353	£42.3m cash-call
United Scientific	178	−32	265	165	Fading bid hopes/defence contract lost

High-tech takes the low road

SMALL IS not beautiful in the electronics sector. The USM's little high-tech companies have been faring just as dismally as their main market counterparts, and over the past six months have seen their share prices fall on average by about a third.

Naturally, not all have done equally badly. While the jobbers' response to the upsets at IBM, Plessey, STC and Micro-Focus has been to mark down the whole sector, a small handful of companies has bucked the trend.

Eight of the USM's 38 electronics companies have turned out to be good investments in the past six months, and beaten the USM average increase of an unspectacular 3 per cent. These, in order of outperformance, are: Miles 33, Telecomputing, Consultants (C and F), Alphanumeric, Instem, NMW Computers, Brikat, and Compsoft.

At first sight, they have little in common. To say that each has identified a specialist area in the market which it is exploiting skilfully can be of no comfort to investors in any of the 30 under-performing companies. Nearly all of them have claimed to be occupying one of the electronic industry's numerous niches, too.

The trick is to spot the right niche. Anything to do with home computers certainly is not one of them, and hardware is looking more dangerous by the week. Spectacular underperformers like Acorn, Xyllyx, Cifer and Microvitec have come unstuck on the manufacturing of hardware.

The software companies have done much better, although even here there have been accidents. This part of the market appears to be much better suited to the smaller companies because it is less competitive and has a greater scope for specialisation.

Brikat, Comsoft and Telecomputing, Consultants and NMW all are involved in computer software, but beyond that have little else in common. There is all the difference in the world between a company that sells computer packages, and those which develop computer systems. The first activity is a bit like publishing, where with one successful product to sell a company can — for a finite time — make a great deal of money quickly. The software system on the other hand, is what actually makes the computer work, and is not the sort of product that can be displaced by another.

Brikat and Comsoft have both developed smash hit software packages; Brikat's "Pegasus" is a range of business software, and Comsoft's "Delta" is a database management package. The problem for both of them, according to Mike Whitaker of Simon and Coates, will be getting lightning to strike twice.

Telecomputing develops software systems that make the task of programming mainframe computers less time-consuming. The company is now switching its emphasis from ICL computers, moving into the infinitely larger market for IBM mainframe users. It is also involved in the development of fourth and fifth generation software products, for which it has been successful in winning government grants.

Consultants and NMW are different again. Both are computer service companies, selling a specialised computer service to a narrow customer base. Both owe something of their recent success to the City revolution. NMW provides one of the only complete real time settlement and clearing services for stockbrokers, linked to both the Stock Exchange's Talisman and to Datastream. It has recently started a joint venture with Citicorp which in addition to settlement facilities, also will enable users to execute deals.

Consultants supplies general systems to stockbrokers and investment managers. Its shares

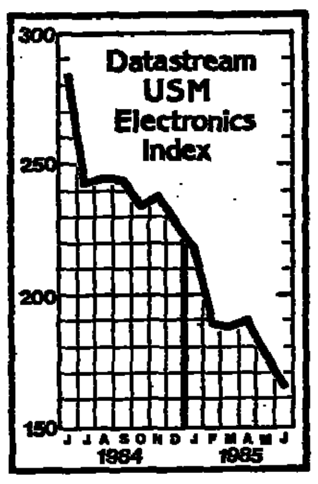
Unlisted Securities Market

have come back into favour following serious losses on a Hong Kong contract last year, as it is becoming clear that brokers faced with growing competition are increasingly willing to spend on computer systems that will increase their efficiency.

Both firms have captured the Square Mile ahead of the competition. But if the market is as profitable as they must be hoping, it might not be long before the big players come to join them.

Miles 33 combines both software and hardware into systems that computerise typesetting equipment. It is in a small and specialised market doing something at which it is good. However, much of the 60 per cent increase in its share price has been a reflection of the low rating — an earnings multiple of about 10—on which it came to market.

Alphameric is the single hardware company to have survived the shakeout. It has avoided home computers and micros and is involved in specialised com-



puter peripherals, making keyboards and terminals at the upper end of the market designed to suit its individual customers. Alphameric is bringing out results on Monday and the shares have risen in anticipation of a strong increase in profits.

Investors brave enough to venture into the electronics sector are faced with a difficult choice. Today's survivors are not invulnerable, and most are on very high ratings.

There are, however, a few companies in the sector whose share prices have been hit without good reason. One of these is DDT, which last week announced a 50 per cent increase in profits. DDT's markets will not suddenly go sour for as long as people go on buying microcomputers; it makes its money out of maintaining them.

DDT claims to be the largest third party computer maintenance group in the UK. Although it faces some competition from the hardware makers themselves who have also spotted that high margins are available on repairing computers, DDT gains by being able to service the customer's whole system, even if each piece is made by a different company.

DDT's customers are on yearly contracts, and pay up-front. Less than 10 per cent of its contracts are not renewed after a year, and the company now is adding new customers at the rate of about 70 a month. The size of the maintenance market in the UK is estimated at about £85m and is expanding fast.

Undaunted by the problems of the electronic sector, new high-tech companies are continuing to join the market. The most successful of the recent new issues has been Datron, which makes sophisticated test and measurement equipment, and which now stands at a 22 per cent premium over its 84p issue price.

Lucy Kellaway

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Allied Textile	471	425	430	42.73	London & Midlnd
Applied Botanics	1⅜§§	1¼	4¼	0.86	REA Hldgs
Brammer	445§§	338	348	132.62	Bunzl
Bell (Arthur)	231½	263	192	306.15	Guinness
Brit American Tst	¶¶ §§	102	323	¶¶	Shires
Capital & Cnties	225*	215	195	121.39	Transatlantic Ins
Carr (John)	96§§	95	88	65.68	Rugby Prtld Cmnt
Cartwright R.	179§§	176	163	12.01	Newman Tonks
Cole Group	191§ §§	188	122	5.73	Moss (Robert)
Debenhams	339§ §§	383	327	475.25	Burton Group
Energy Services	126‡§	118	97	47.62	Brammer
Gill & Duffus	178§§	180	190	117.67	Dalgety
Higsons Brewery	258§§	233	225	26.13	Boddingtons
Mebon	125*	120	74‡‡	6.76	BP
MFI	285	278	258	561.43	Assoc Dairies
Muirhead¶	164‡†	158	148	14.01	RHP
Petrolex	90½§§	83	81	14.14	Aran Energy
Petrolex	66¼	83	81	10.39	Saxon Oil
Planet Group¶	107	105	88††	10.71	Heywd Williams
Ryfrd Supreme	331	335	290	19.36	Hrrs Queensway
Resource Tech	52½*	50	40	6.94	Inspctrte Intl SA
Selincourt	36½	28¼	28¼	18.90	Stormgard
Solicitors Law	38	37	37	4.38	Hollis Bros
Solicitors Law	35*§	37	41	4.03	Pergamon
Times Veneer	20*§	38	49	1.41	CDI Hldgs
Trident Computer	87½	77	70	2.19	Park Place
Westland	150*	126	140	88.90	Bristow Rotocraft
Yorkgreen	13¼	10	10	1.48	Talbex Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on June 14 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ACT	Mar	10,650	(4,640)	—	(—)	1.6	(0.74)
Aitken Hume	Mar	6,780	(3,800)	23.7	(23.3)	7.0	(6.0)
Amersham Intl	Mar	17,070	(13,730)	21.2	(16.4)	6.0	(5.0)
Argyll Foods	Mar	53,120	(40,070)	20.0	(17.6)	6.25	(5.0)
Bassett Foods	Mar	2,800	(2,457)	19.4	(17.8)	6.75	(5.6)
Beechams	Mar	306,100	(267,900)	23.9	(22.8)	11.3	(10.2)
Belhaven Brew	Mar	1,350	(405)	4.6	(1.8)	0.75	(—)
British Steam	Mar	3,710	(2,330)	14.2	(10.2)	6.25	(5.32)
Brown Shipley	Mar	3,430	(2,637)	—	(—)	9.25	(8.5)
Brown, N. Inv	Mar	4,570	(3,620)	20.7	(16.2)	9.0	(7.5)
Bulmer & Lumb	Mar	1,700	(1,640)	—	(—)	5.0	(4.5)
Bus Int Serv	Feb	2,800	(3,333)	—	(—)	—	(—)
Caffyns	Mar	525	(614)	10.3	(13.0)	4.5	(4.5)
DDT Group	Mar	713	(473)	9.5	(7.2)	1.0	(—)
Dominion Intl	Mar	9,260	(6,590)	13.4	(10.4)	5.0	(4.8)
Elliot, B.	Mar	688	(2,780) L	2.5	(—)	2.0	(0.1)
El Oro Mining	Dec	883	(1,040)	—	(—)	4.2	(6.3)
EMAP	Mar	7,720	(5,300)	7.3	(5.7)	3.0	(2.27)
Electrocomp	Mar	29,590	(22,220)	16.0	(12.1)	5.25	(4.0)
Electronic Rent	Mar	15,170	(11,210)	—	(—)	3.23	(3.23)
Exploration Co	Dec	1,110	(1,300)	—	(—)	2.1	(3.15)
Finlay, James	Dec	37,940	(27,700)	20.4	(13.9)	4.15	(3.67)
Gee/Rosen Org	Mar	304	(283)	2.6	(3.1)	1.5	(—)
Geevor Tin Mines	Mar	1,040	(1,180)	25.8	(34.2)	12.0	(12.0)
Hazlewood Foods	Mar	6,090	(3,070)	56.7	(38.9)	13.5	(11.5)
Locker, Thomas	Mar	2,480	(2,250)	3.2	(3.2)	1.3	(1.3)
Metal Box	Mar	68,100	(70,100)	68.9	(58.7)	17.25	(15.0)
Osborne & Little	Mar	763	(305)	6.6	(2.7)	—	(—)
Parkdale Inv	Apr	368	(273)	2.5	(1.7)	1.0	(0.9)
Pilkington Bros	Mar	116,000	(88,300)	21.8	(13.3)	12.5	(11.5)
Prem Cons Oil	Mar	4,500	(1,000)	2.3	(—)	—	(—)
PWS Intl	Mar	1,730	(1,965)	—	(—)	9.0	(—)
Redland	Mar	108,200	(93,800)	27.1	(24.9)	10.5	(9.5)
Regalian Prop	Mar	2,230	(785)	14.9	(9.6)	3.25	(2.5)
Salveson, C.	Mar	33,400	(—)	7.6	(—)	2.88	(—)
600 Group	Mar	7,620	(3,840)	11.2	(3.5)	5.5	(5.25)
Slaters Food	Mar	486	(503)	9.3	(8.0)	2.2	(2.2)
Somic	Mar	222	(81)	—	(—)	1.5	(—)
Sound Diffusion	Dec	7,440	(5,640)	5.2	(3.9)	0.42	(0.35)
Southwest Res	Mar	3,160	(1,650)	7.4	(5.6)	0.7	(—)
Staveley Ind	Mar	8,270	(6,360)	39.5	(32.5)	15.5	(14.0)
Sterling Ind	Mar	6,870	(6,145)	3.1	(3.3)	2.25	(2.1)
Stndrd Firework	Mar	1,300	(1,210)	—	(—)	5.75	(5.0)
Tesco	Feb	81,300	(67,400)	17.6	(14.2)	4.85	(4.1)
Valor	Mar	5,700	(3,910)	21.7	(18.7)	4.6	(4.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Body Shop	Mar	981	(352)	1.2	(—)
Camford Eng	Mar	708	(352)	—	(—)
Carr's Mill Ind	Mar	810	(443)	1.75	(1.75)
Chemring	Mar	754	(579)	5.0	(3.5)
Eng China Clays	Mar	24,090	(22,410)	4.0	(3.6)
French, Thomas	Mar	691	(996)	1.5	(1.5)
Guinness, Arthur	Mar	37,200	(30,900)	2.0	(1.82)
Hardanger Prop	Mar	420	(305)	2.8	(2.8)
Kynoch, G. & G.	Feb	1	(39) L	0.5	(—)
Lon & Clydeside	Mar	324	(604)	1.7	(—)
McLeod Russel	Mar	9,610	(—)	3.0	(—)
Microgen	Mar	1,090	(433)	1.5	(0.75)
Piccadilly Radio	Mar	201	(173)	1.75	(1.75)
Plaxtons (GB)	Mar	402	(982)	1.5	(1.5)
Sidlaw Group	Mar	3,340	(3,170)	2.75	(2.5)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

SCRIP ISSUES

Standard Fireworks—One for two.

RIGHTS ISSUES

English China Clays—To raise £86.3m through a one for four rights issue on the basis of one for four at 220p.
Hanson Trust—To raise £519m through a rights issue on the basis of one for every six at 185p to raise £370.3 and the basis of one 5¾ per cent cummulative convertible preference share of £1 for every £11.70 of loan stock held.
Taylor Woodrow—To raise £42.3m through a one for five rights issue at 370p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Cranbrook Electronic Holdings—USM placing of 1.2m shares at 70p.
Micro Scope—Offer for sale of 3.2m shares at 120p.
Prontaprint—USM placing of 2.2m shares at 138p.
Salveson, Christian—Offer for sale of 57.1m shares at 115p.

Telecom's profit to near £1.5bn

INVESTORS might be tempted to hope that British Telecom will produce profits over the £1.5bn pre-tax mark when it announces its results for the year to the end of March on Wednesday. However, the City is expecting the newly-privatised company to fall just short of this figure, bringing profits of £1,470m to £1,490m, with the help of a fourth quarter contribution of £400m to £420m. This compares with BT's own forecast, made at the time of flotation, of £1,350m.

The high profits growth — more than 50 per cent for the last two quarters of the year, if the City is right—is partly the result of exceptional factors brought about by privatisation (notably a reduction in debt burden) and partly due to the benefits of a long-term reduction in costs. BT management is slowly increasing manning and obtaining keener prices from its equipment suppliers.

BT's income is also expanding—with the number of calls made increasing at about 9 per cent a year, and connections growing at about 4 per cent. The City is, therefore, expecting Sir George Jefferson, the chairman, to make an optimistic statement for 1985-86.

outfit CSE MHT FRA WDO ...

A great deal has happened since the year end at Northern Foods and Unigate, and so the results from both companies due this week will provide less clue than usual to the future of either. Yesterday's announcement that Unigate is selling Bowyers to Northern Foods followed the sale by Northern last month of Mansfield Brewery for £42m, and the purchase for £51m of the North of England milk division of Express Dairies.

Management has not stayed put, either, with the defection of Chris Ball, managing director of Unigate Dairy Holdings, to become managing director (UK) of Northern Foods.

Last year was tough for both companies, and their results will reflect the effects of lower margins on liquid milk during the first half, and the surge in pig prices in the second half. The extent of the damage is clearly shown in Bowyers £1.5m loss last year, announced yesterday.

Despite the poor conditions, Unigate is generally expected to report a 10 per cent increase in pre-tax profits to £63m. In the second half, productivity gains in milk may have offset the continued slide in volumes;

Results due next week

and with the help of slightly higher prices since June, the milk side might report profits unchanged on the year. No advance is expected from meat, where squeezed margins on pig meat may be balanced by better results from the poultry companies.

Milk quotas will have hit transport volumes in the Wincanton division, which has also been suffering from low margins on vehicle sales.

The bright spots once again will be the non-food Giltspur, which could increase its contribution by 20 per cent, and the international business, which might have picked up £2m in currency gains on top of a solid year's underlying growth.

Profits will be no less than last year—this was the message put out by Northern Foods last month. They will not be much more, either, to judge by the City's expectation of £66m (£53m). Milk and meat will have suffered from the same factors that will upset Unigate although Pork Farms' volumes may be up enough to dampen the price effect.

Fox's biscuits should have done better and milling will have done well out of the lower grain prices. All the UK food operations may have been marginally effected by the miners' strike, although profits from the U.S. and from associate companies should be well up.

The City has steeled itself to expect a bad year in 1984-85 from S and W Berisford. The interim results for the period to the end of March, due on Monday, are expected to be down sharply from last year's £41.5m, to about £30m.

The group's commodity trading activities will have suffered in what were very slack markets for cocoa, sugar and other soft commodities, which were generally in plentiful supply. The comparison with the previous year will be particularly unfavourable because these markets were exceptionally busy in the winter of 1983-84.

Meanwhile, British Sugar, where Berisford bought control in 1982, will have been squeezed by rising fuel costs. Sugar and sugarbeet prices have scarcely risen at all to compensate. However, the general merchanting and financial divisions will probably have made steady progress, making up some of the shortfall elsewhere. The City will be anxiously reading the chairman's statement for signs that the second half of the year will be better than the first.

Sir George Jefferson . . . optimistic statement expected.

Powell Duffryn, the distribution and storage group which produces its full year results on Wednesday, joined a very exclusive band last January—those companies which have successfully fought off a takeover bid from Hanson Trust. Powell's victory was due in considerable part to the healthy profit and dividend increases it forecast in the later stages of the battle.

The market is expecting Wednesday's figures to be right in line with those predictions, producing pre-tax profits of £20.5m, up 12 per cent on 1983-1984.

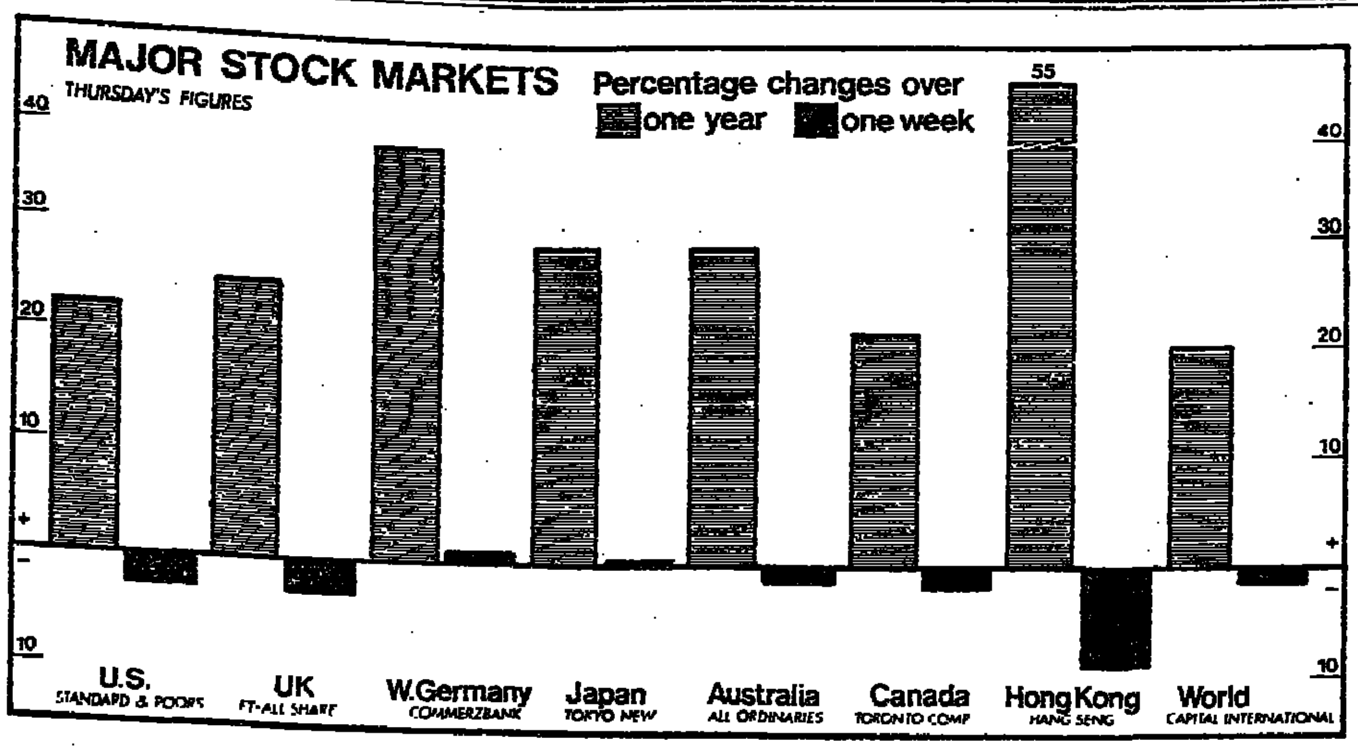
Profits would have been some £2.25m higher had it not been for the miners' strike, which hit Powell's important coal distribution business.

Lucy Kellaway
Stefan Wagstyl

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Arbuthnot Yen Bond Fund	Wednesday‡	3.0	3.0	3.0
Associated Heat Services	Friday	3.3	6.7	3.3
Avana Group	Monday	3.75	5.625	4.5
British Telecommunications	Wednesday	—	—	—
Cape Industries	Tuesday	1.7	3.9	—
Centrovincial Estates	Tuesday	3.0	3.0	3.0
Chamberlain Phipps	Monday	1.1	2.5	1.1
CH Industries	Wednesday	0.4	1.475	0.45
Continental and Industrial Trust	Wednesday	5.0	12.0	6.0
Davis, Godfrey (Holdings)	Wednesday	1.5	2.5	1.5
Dawson International	Thursday	2.4	4.9	2.6
Erskine House	Tuesday	—	1.5	0.8
Fitch Lovell	Thursday	2.5	6.7	3.0
GEI International	Tuesday	1.78	3.555	1.94
Hamsons Malaysian Plants. Berhad	Tuesday†	8.0	6.0	10.0
Headlam, Sims and Coggins	Wednesday	1.4	1.6	—
Leigh Interests	Monday	0.75	1.25	1.0
London and Overseas Freighters	Tuesday	—	—	—
LRC International	Thursday	1.15	2.35	1.3
Marshalls Halifax	Monday	2.0	6.0	—
Meyer International	Tuesday	1.65	3.1	1.8
Mitchell Somes	Thursday	1.5	1.75	1.5
Mountview Estates	Wednesday	1.0	3.5	1.0
Northern Foods	Wednesday	2.25	2.5	4.25
Oxford Instruments Group	Wednesday	—	1.0	0.4
PCT Group	Monday	4.5	1.3	1.6
Platon International	Tuesday	—	—	1.33
Powell Duffryn	Wednesday	3.33333	7.23333	3.33333
Scapa Group	Thursday	3.15	6.0	3.7
Stead and Simpson	Friday	1.5	4.0	2.0
Steinberg Group	Tuesday	1.0	1.2	1.0
Unigate	Monday	2.75	4.75	3.0
Whittington Engineering Company	Thursday	1.4	3.0	1.4
Wigfall, Henry and Son	Thursday	—	—	—
INTERIM DIVIDENDS				
Arbuthnot Sterling Fund	Wednesday	—	—	
Berisford, S. and W.	Monday	3.5	7.0	
Bett Brothers	Thursday	1.2	1.9	
Countryside Properties	Tuesday	1.82	3.22	
Dundee and London Investment Trust	Thursday	1.5	3.2	
Fenner, J. H. (Holdings)	Tuesday	2.0	3.0	
Grainger Trust	Friday	1.25	4.0	
Inn Leisure	Wednesday	0.42	0.42	
Kenning Motor Company	Wednesday	2.5	4.0	
Kennings Estates	Thursday	—	—	
Lee, Arthur and Sons	Wednesday	0.3	0.9	
London Scottish Finance Corpn.	Monday	0.9	1.9	
Lookers	Wednesday	1.6	3.0	
Scottish American Investment Co.	Wednesday	1.7	3.9	
Winterbottom Energy Trust	Tuesday	—	—	

Company Announcement due Dividend (p)* Last year This year Int. Final Int.

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Sen per share. ‡ Yen per share.



Mining

Olympic Dam takes a bold plunge

"TOLD you so." said the mole. "You mean what you said the other week about Western Mining and British Petroleum deciding, after 10 years, that the big Olympic Dam mining project in South Australia will be a paying proposition after all?"

"S'right," said the mole.

"But you said they were thinking of going ahead from the start on a full capacity basis, working up to an annual output of 150,000 tonnes of copper plus the uranium and gold. They are going to do it much as we expected with a one-third scale operation costing A$550m (£290m)."

"That's enough for starters, ain't it?" remarked the common mole, adding. "It'll give them a good 15-year run and make it easier for BP, what has to put up the money; and no't tell me that at the end of that time they're going to pack it in. You read the announcement again."

That said, the mole made a stagey exit, disappearing into that hole of his behind my chair.

Sure enough, the brochure on Olympic Dam said: "Under the terms of the joint venture agreement, it is envisaged that production levels at Olympic Dam could eventually rise to at least 150,000 tonnes per annum of contained copper together with associated products."

It added that because of market considerations the underground operation would have to be a staged development but with a built-in expansion capability.

The proposed timetable is for gold production from a rich area of the property (possibly 5 grammes gold per tonne of ore) to start in mid-1987 at an annual rate of up to 90,000 ounces.

A year later, copper output will begin at an annual rate of 30,000 tonnes, rising to 55,000 tonnes in the fourth year. Uranium oxide output will be about 2,000 tonnes per year. Talks have already begun with potential customers.

Eventually, Olympic Dam could become one of the world's greatest mines with a life prospect running deep into the next century and maybe beyond already, the deposit is reckoned to contain some 2bn tonnes of ore and more could turn up in due course.

Even the present phased development represents a bold step at the present time of oversupply in copper and uranium with many mines struggling to survive. And yet you recall Sir Alistair Frame, the chairman of **Rio Tinto Zinc**, surprising many of us a few weeks ago with his comment that "the mining industry's longer term outlook is much brighter."

He added that with demand for metals continuing to grow, mines being gradually worked out and virtually no investment in major new ones (apart from gold), "decisions must be made within the next year or so for the next generation of successful mining projects."

It makes you think, as the mole might have said.

The RTZ group's Australian arm, CRA also is looking into development prospects for a large mineral deposit in Australia; in this case, the Oaklands coal deposit in New South Wales.

Some 3bn tonnes of medium quality black steaming coal are known to exist in the area—half as much again as total reserves at the big new Selby coal mine in north Yorkshire—of which more than 1bn tonnes look to be suitable for economic mining.

A joint venture has been set up between CRA (60 per cent) and Mitsubishi Development (40 per cent), to follow up their past independent exploration programmes. The venture will also carry out an 18-month feasibility study into the prospects for setting up a large-scale mining operation to supply coal to an associated power station.

One big Australian mineral deposit which has never reached the development stage is the Jabiluka uranium find made by **Pancontinental Mining** in the Northern Territory back in 1971. There it sits, stalled by political and environmental problems which persisted while the uranium market went through a boom and bust cycle.

Still, Pancontinental pressed on in other directions, notably in gold exploration and the acquisition of a profitable investment (now 5 per cent) in the Central Queensland Coal Associates and the Gregory joint coal ventures.

At last, however, the company can claim to have a mine of its own. Mr Tony Grey, the chairman, said this week that Pancontinental's A$30m Paddington gold mine on the outskirts of Kalgoorlie is about to come on stream. It will be the fifth largest gold mine in Australia, producing about 90,000 ounces a year. Present life prospects are put at eight years.

● De Beers has taken the unprecedented step of telling buyers of rough (uncut) diamonds at this week's sale in London that it has been "authoritatively informed" that there will be no repetition in 1985 of the increased offerings to the West of Russian good quality cut and polished diamonds at cut prices that so unnerved the market last year.

They were a major factor—possibly bigger than we thought at the time—in the fall in sales of rough diamonds to a value of $668m in the second half of the year following a recovery to $945m in the first six months.

The diamond firms were worried that, after having cut and polished the rough stones, they would be unable to compete in a still quiet market with the cheaper Russian goods. And until this week's reassurance, they feared that the Russian offerings would reappear.

● Pleasing final dividends this week from the South African gold mines in the **Consolidated Gold Fields** group included Driefontein's 195 cents (78p) to make 310 cents against 275 cents; Kloof's 250 cents to make 410 cents against 330 cents; and Venterspost's 165 cents to make 240 cents against 120 cents.

Kenneth Marston

New York

Computers blow fuse

THE HIGH technology stocks have been trying to tell U.S. investors something for several weeks, but it was only on Thursday that Wall Street took out its collective ear plug and began to listen.

Predictably, it required a statement from IBM to break through the sound barrier; but when it came, in the shape of a gloomy statement on third quarter prospects, the response was unequivocal: IBM shares alone lost $2¼ to finish at $118⅝, on a hefty trading volume of 3.8m shares, while the rest of the computer sector suffered another devastating day, and the Dow Jones Industrial Average fell by 16.24 points, its most severe drop for six months.

The selling wave drove the DJIA well back below the 1300 mark, for the first time since mid-May. The slump was equally marked in the broader market averages as well, with the Standard and Poor's 500 index falling by 2.28 to 185.33 and the New York Stock Exchange Composite by 1.18 to 107.69 points.

Well before IBM triggered this general setback for the market, its conference in the computer and electronics sectors had been flashing some fairly unambiguous alarm signals. Virtually all the big names in these industries have announced lay-offs, job cuts or closures over the past few weeks. Some have displayed unprecedented difficulties — Wang, the office equipment manufacturer, for example, has recently announced that it expects to show a loss in the present quarter for the first time in its 34-year history.

As if to give conclusive confirmation of these new constraints on the high-tech business, Sperry and Burroughs, two of the larger U.S. computer companies, came out with what looked like an extremely defensive merger proposal on Thursday. While saying nothing at all about their reasons for trying to get together, both of the companies have long been seen to be vulnerable to the awesome market power of IBM; and neither is regarded as having achieved more than a temporary respite during the phenomenal computer market recovery last year.

Whether or not their combination proposal is a sufficient response to these problems, Wall Street took the announcement as a further clear indication of the storm clouds gathering over the industry, knocking Sperry's shares back by $¾ to $56¼, and Burrough's back by $3½ to $56½. At that level, their combined market capitalisation stands at about $5.8bn, against IBM's $73bn.

Over the next few weeks, Wall Street debate is likely to focus on the degree to which the high-tech stocks are a sound guide to the performance of the rest of industry. Many economists argue that computers and electronics are now such an essential ingredient of an advance in investment and general economic activity that the economy cannot progress when the high-tech companies themselves are under pressure.

Another group points to signs of continuing buoyancy in the general economy. The last set of employment figures, issued about a week ago, showed a fairly encouraging picture of growth in non-farm jobs; while car figures in the first 10 days of this month were exceptionally strong, albeit with the help of discounts and other incentives.

The split in Wall Street sentiment was underlined sharply this week in commentary from the brokers. Merrill Lynch, for example, while conceding that there is concern about the sluggish pace of economic activity, argues that GNP should pick up and continue at a "relatively good rate" in the September quarter. Last year at this time, it recalls, investors were panicking over the problems of the Continental Illinois Bank, and U.S. Treasury bonds were providing yields of nearly 14 per cent. There has been a complete turnaround since then, says Merrill: "We think the message is clear; it has paid to be positive and confident; it has not paid to be negative and hesitant."

Oppenheimer, by contrast, will have none of this optimism over the economy. "We still expect recession to begin around mid-year," it says, "with spending on fixed investment, consumer durables, housing and inventories moving in a negative direction in the second half of 1985."

Merrill's point that market psychology has changed enormously in the past 12 months is particularly evident in the financial stocks. Since the middle of last year, thanks mainly to the fall in both nominal and real interest rates, the financial sector has been an exceptionally good stock market performer. Indeed, according to Smith Barney's asset return analysis, the best investment returns available over the year to date have been in financial stocks, with a total return of 24 per cent—and a whacking return of 60.7 per cent in the past 12 months.

MONDAY	1,318.44	+ 2.02
TUESDAY	1,313.84	− 4.60
WEDNESDAY	1,306.34	− 7.50
THURSDAY	1,290.10	−16.24

Terry Dodsworth

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.00	7.12	5.59	4.07	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.32	5.32	quarterly	1	2,500 min.	0
3-month term	8.44	8.71	6.84	4.98	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.63	9.86	7.75	5.64	half yearly	1	2,500 min.	7
Schroder Wagg	9.04	9.42	7.40	5.38	monthly	1	2,500 min.	0
Provincial Trust	9.53	9.96	7.82	5.69	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	11.36	8.29	6.76	5.23	half yearly	4	—	0
11% Exchequer 1990	11.35	7.79	6.03	4.26	half yearly	4	—	0
10.25% Exchequer 1995	11.21	8.05	6.47	4.89	half yearly	4	—	0
3% Treasury 1987	8.21	7.29	6.83	6.36	half yearly	4	—	0
3% Treasury 1989	9.28	8.20	7.66	7.12	half yearly	4	—	0
Index-linked 1988¶	4.24	3.57	3.24	2.91	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Mortgages

Inflexible rules that cost you money

FOR THE first time, over the past year, home owners have been able to shop around to find the cheapest mortgage without having to take whatever loan was offered, thanks to the break-up of the building societies' interest rate cartel, and the entry of foreign banks.

However, the other side of the coin has been that real interest rates (after adjustment for inflation) have stayed at a record high. It has never been more important *to find—and if necessary to switch to—*the cheapest lender.

But if you expect to find the best mortgage bargain simply by comparing quoted interest rates, you will have to wait until September. Because of the building societies' reluctance to modernise their methods of calculation, it has been almost impossible for borrowers to find *out and compare the true rate* of interest being charged. You may, for example, be told that your interest rate on a £30,000 to £40,000 loan is 15.0 per cent. But one lender quoting that rate can, without breaking any rules, demand several hundred pounds a year more from you than another lender quoting the same rate.

After years spent fighting off the provisions of the Consumer Credit Act, from September the building societies will be obliged to quote the true rate of interest on their mortgages, *on the same basis* as all other lenders.

The building societies had the opportunity to adopt to the new requirements by scrapping their existing accounting and interest payment system (which was developed for the age of the slide rule), and switching to the system of calculation usd by most of the banks. The building society system makes it *almost imposible for anyone*—including the societies themselves—to work out the true cost of their loan; moreover, it is arbitrary, requiring some borrowers to pay out *in interest* charges £500 or so more than others, depending on when in the month and when in the calendar year they happen to take out their loan.

Now, in a development reminiscent of the anti-competitive days of the cartel, all the larger building societies apear to have gone for an alternative solution—that is, to leave intact their age-old system of accounting and, instead, to force borrowers to adapt to the new legal requirements. Borrowers taking out a building society loan after August, who have the misfortune to complete their conveyance near the start of the *month, will find themselves* obliged to make an extra *monthly interest payment* before the end of the year, in addition to their regular payments.

The inflexibility of the building societies' present system is also the cause of their inability to *grant borrowers their full* tax relief through the MIRAS (Mortgage Interest Relief At Source) system in the first years of a repayment mortgage. The building society system

Check the hidden costs of your future mortgage against the way accrued interest is compounded

requires you to receive constant tax relief (for any specified interest rate) throughout a mortgage term, whereas in fact you are paying far more interest at the start of the loan than towards the end. The upshot of all this is that your building society is actually forcing you to make a monthly interest-free loan to itself—and possibly to the Inland Revenue as well.

All these problems arise because of two distorting factors. First, a building society calculates how much interest *you have to pay in any year by* the amount of debt outstanding *at the start of the society's* accounting year, usually January 1. So however much of your debt you repay during the course of the year, come December you will still be paying as much interest as if the *full amount were still outstanding.* This makes prohibitively expensive the last few years of a repayment mortgage term, when you repay capital at an accelerating pace. If you reach that stage, you would do better to pay off all the mortgage at once.

The second factor is that borrowers do not start making interest payments until pre*cisely one month* after they receive their loan. The interest payment they then make is deemed to cover the calendar month in which it falls. So if you take out a loan on December 2, your first interest payment is due on January 2. *This* is used to service your debt for the month of January. So when do you pay the interest to cover the debt in the first 30 days of your loan from December 2 to 31?

At present, this outstanding interest payment is added on to the rest of your debt and you pay it off (with interest) at the end of your mortgage term. But from September, building *societies will* require new borrowers to pay off that first *month's interest* payment before the end of their accounting year, probably December 31. So our borower who takes out a loan on December 2 will have to pay almost a full month's interest on December, and *another month's interest* two days later, on January 2.

By contrast, if you are lucky enough to have taken out your loan on the last day of any month, there will be virtually no interest outstanding. The real advantage here is that you are paying interest monthly only at the end of each month rather than at the beginning. Thus you are being given the *equivalent of a one-month* interest-free loan compared with our unfortunate December 2 borrower. With a £30,000 mortgage at 15 per cent interest, the December 2 borrower therefore suffers a relative *disadvantage worth £375* per year (excluding tax relief).

If you go to one of the banks you avoid these problems; as they generally calculate interest *on the outstanding debt on a* day-by-day basis. Therefore hey do not require borrowers to make any additional payments in their first year. NatWest *Home Loans* is the only bank which follows the building society method.

Clive Wolman

Check the facts on mortgage costs

Most borrowers, when deciding how large a mortgage to take and from whom, do no more than compare hom much *money they will have to pay* their lender each month.

But this criterion by itself is inadequate as a way of comparing costs. First, it makes no *allowance for the costs of* setting up the mortgage in the first place. The arrangement fees, the valuation and legal costs can vary substanti*ally from lender to lender.*

Secondly, it tells you nothing about any extra payments you may have to make over the course of your mortgage term, or when you redeem the mortgage. These additional costs typically arise from the way in which accrued interest is compounded — or added on to your debt.

Thirdly, it makes no allowance for the timing of your payments. If you have to start making your monthly *interest and capital repay*ments only a few days after receiving your mortgage you will be perceptibly worse off — in view of the large sums *involved—than someone who* is given a month or more's grace before he starts his monthly repayments.

Do not give up in despair at the complexities of, this type of comparison. The Consumer Credit Act has devised a formula designed to capture all these different elements and reduce them to a single number, the Annual interest. This will always be higher than the quoted flat rate of interest because it includes the start-up costs and the compounding effects.

You need not worry about the charges are converted into percentage rates. All that *(apart from one adjustment* mentioned below). When you are moving house or taking out a mortgage fort he first time, compare the different ARPs *and go forthe* lowest. Don't be misled by comparing the different flat rates of interest that may be quoted to you. At present, only the *banks quote APRs. Building* societies will be obliged to do so from September.

To get an indication of how much better off you will be *by going to one lender* who quotes an APR which is, say, 1 per cent less than another, calculate as follows: 1 per cent on a £30,000 mortgage is £300 a year, knock off tax relief at a rate of 30 per cent and you are left with a £210 advantage.

A simple comparison of APRs will not suffice when you are considering a switch from one lender to another one. To switch mortgages, you have to incur arrangement fees and other start-up costs, as described on these pages last week. These costs are incorporated into the APR. But with your existing mortgage, your start-up costs have already been paid. *All that matters is the on*going true rate of interest.

In fact for a relatively large mortgage over a long term, typically 25 years, the start-up costs account for only a small proportion of the APR, per*haps 0.2 percentage points for* a £30,000 mortgage. Nevertheless, the typical mortgage lasts for only seven years, which would boost the start-up *cost element in the AUR* to around 0.5 percentage points. In other words, for a typical mortgage term, the APR (including start-up *costs) is perhaps 0.3 per*centage points higher than the quoted APR.

It is regrettable that the Government's Office of Fair Trading has not required lenders to quote the APR on a more realistic basis for new mortgages; and also to supply, when requested, a second quotation. This would be of the "ongoing APR" (the APR minus start-up costs).

C. W.

How not to do it

Stags can come unstuck as ordinary investors

THE LARGE profits investors have made from the recent new issues of Abbey Life, British Telecom and British *Aerospace* shares have boosted the image of "stagging," the practice of applying for large numbers of newly-issued shares to make a quick *killing.* But there are times when even the most veteran of stags comes unstuck.

Brian Bold, a City solicitor with an established and successful stagging track record, recently came down to earth with *a jolt when he tried to stag the* new issue offered by Blagden Industries.

"I had made a fair amount of money in the past from stagging Aerospace when it first went public, and Cable and Wireless," says Brian. "I also did well out of Exco and Amersham."

The *Blagden issue was* unusual. Applicants were given the option either of tendering for shares at a minimum of 113p or applying for them at a *fixed price of 112p.*

Undetered by the novelty of the issuing method, and flushed with a recent stagging success on Hillsdown Holdings, Brian *borrowed* £26,000 from his bank and applied for a single batch of 20,000 shares via the tender route, offering 130p a share.

His bank manager, used to Brian's stagging antics, happily lent teh money. There was an arrangement fee of £52 and interest on the loan charged at 3 per cent over base. The manager also held the deeds to Brian's house at the bank.

"I tendered high to make sure I got some shares," says Brian. "I thought that the issue would be sufficiently over-subscribed at a lower price for that to be the striking price, and that I would get a scaled-down allotment with the shares opening at an immediate premium."

The striking price of the Blagden tender issue was fixed at 130p—the price at which it was 1.5 times over-subscribed. *But instead of producing* a healthy premium, when dealings began the share price opened at 115p—a 15p discount.

A shocked *Brian,* nursing a bruised ego, immediately sold half of *his 20,000 shares*—his full allotment—and made an overnight loss of £1,500 (ie, 10,000A x 15p). He held on to the other half which dropped to 106p, although the shares now have recovered slightly to *around 120p.* HiAs realised and paper loss (ignoring expenses such as loan interest) now stands at £2,500. A Fortunately, he has an understanding bank manager.

ccording to David Cohen senior corporate finance partner at new issue specialist stockbroker Simon and Coates, if you stag an issue that goes wrong you should sell your entire allotment immediately. "If you are a stag, always be a stag," he says. "Don't turn into an investor." Blagden, he adds, was a special case, not least because the existing old shares and the novelty of the issuing method made it impossible to predict what the aftermarket would be like.

Nevertheless, Cohen stresses, there are rules of general application which the would-be stag ought to bear in mind. "One of the most important factors to consider is whether there will be institutional interest in the stock to support an aftermarket when dealings begin. If everyone with an allotment is a stag and, therefore, a seller—and no institutions are interested in buying—the nthe share price in all likelihood will drop."

Not surprisingly, Cohen advocates sounding out your broker or bank manager to get *the feel for the level of institu*tional interest. The large institutional broker will have the clearest idea.

"We usually know before the prospectus is published, and certainly before the issue is closed, whether it *has captured* the institutional imaginatin," he says.

Bear in mind, too, that a good, but by no means cast iron, indicator of likely institutional *support will be the track record* of the sponsors to the issue. Similarly, the views of the financial press will also give an indication.

Ideally, you should leave your application to the last minute. A by-election, a large company's results, a movement in interest rates — all are potentially significant factors. But even the last-minutes are not safe because much can happen in the gap between the lists opening and closinga nd the start of dealings.

The method of issue is clearly important. *With a placing, the* opportunities for stagging are *limited. Even if you get any shares,* the chances are the issue will be on a scaled-down basis.

"With a fixed price offer, you simply have to ask yourself whether you would be prepared to pay that price and whether, in any even, you want that share in your portfolio," says Cohen. "A tender is more difficult."

The moral that Brian Bold takes from his experience in tendering for Blagden is that one should not tender above the price at which you would be prepared *to buy the stock.*

"That is the orthodox view," says Cohen. "If you fell, however, that an issue will be over-subscribed and will atract institutional *support, then you can* reasonably tender higher than the price that an individual would be prepared to pay. The price might be more than you *want — but institutional* investors who do not get as much as they want may well be prepared to pay more."

Bear in mind, though, that on *the whole tender offers for sale* are harder to stag than fixed price ones, simply because of the uncertainty over the striking price and the discretion that the *issuing house has over* determining it.

"At the moment, the new issue market is in a strange state; there is such a high *volume, both in terms of placing* and offers for sale," says Cohen. "Meanwhile, the public has had its appetite whetted by the Telecom flotation. But people simply *fail to realise that* Telecom was exceptional. It was so significant that the institutions had to be buyers for their portfolios. Hence, there was always going to be an aftermarket."

Lawrence Lever

Cast a careful eye at a widow's lot

AS WOMEN outlive men by *about five to one, it is not sur*prising that there are as many as 3m widows in the UK.

Before the days of guaranteed state benefits, owner occu*pation and mortgage protection* policies, they usually suffered a sharp fall in their standard of living on their bereavement. There are still many elderly widows with *little* except means-tested state benefits to live on.

Today's system of state benefits payable to widows and children — though not to widowers and children — breaks down into three categories.

Last week's proposals, which include a lump-sum allowance *of perhaps £1,000 for widows,* replacing the present 26-week allowance, should be borne in mind and developments monitored.

● *Widows' Allowance.* If you are under 60, and your husband's National Insurance contributions qualify, a current rate of £50.10 weekly will be *paid to you for 26 weeks after* your husband's death. You may get more if you have children under 16, or under 19 and in full time education or training.

● **Widowed Mother's Allowance.** *If you have dependent* children, you receive this allowance when your 26-week Widows' Allowance runs out. It will come to much the same amount, *depending on how* many children you have.

● *Widows' Pension. If you* are over 40, you will get a pension when your Widowed Mother's Allowance ends, as it will when your youngest child *is over 16 or under 19* and finishes full time education or training. If you are over 40 with no dependent children when your husband dies, you *will get a Widows' Pension* when the 26-week Widows' Allowance ends. At 50, you get the standard rate. The younger you are, the less you get, on an *age-based scale.*

To claim any of these benefits, fill in the form on the back of your husband's death certificate and send it to your local DHSS office or visit the office and sort it out in person. In either case, do it within three months of your husband's death.

Widow's pensions are a compulsory feature of company pension schemes; the best of these now treat widowers of women *employees in the same way.*

Half, or even two-thirds, of *a husband's pension* might be incorporated into a widow's pension, often with an assurance that it will be paid in full over the first five years of retire*ment even if the husband dies* before that period is up.

If there is a clearly drafted will, which places no bar against

Finance and the female

a beneficiary being appointed as executor, you may be able to avoid paying for professional *help in unravelling your per*sonal inheritance. This will depend on the complexity of your husband's estate — professional skills are essential in *dealing with businesses or trusts* or both — and your own willingness to cope.

It will take time, concentration and energy. Either way, check solicitors' and banks' *scales of fees. These are* related to the size of the assets to be dealt with, and are sometimes out of all proportion to the work involved.

All assets are frozen from the date of death until a will is executed and probate granted. This is all the more reason for having a joint bank account. Listing assets and assessing their value has to be done according to the rule book. Tax liability must be settled with the Inland Revenue. The Probate Personal Application Department, will supply the documents you need. In London write to Golden Cross House, 5th floor, Duncannon Street, London, WC2. Elsewhere in the UK ask your local Citizens' Advice Bureau for the probate registry address you require.

Absence of a will need not be a serious handicap in the relatively simple matter of inheritance within marriage. Surviving *spouses. may inherit* property tax free. For others, the first £67,000 of an estate is free of Capital Transfer Tax (assuming the deceased has not used up, in gifts, any of this *allowance during the previous* ten years).

On an intestate estate, worth for example £100,000, a widow will get £40,000 and a life interest in half the rest, from which she will receive the income. Her *children will in*herit the balance, both capital and income, and the capital will be held in trust for the widow until she dies.

Former spouses of remarried husbands should remember that divorce cancels an earlier will. Disinheritance applies whether or not a new will is subsequently made. Most occupational pension schemes have no capacity to care *for two depend*ants on death or retirement, so the second wife may get all the widow's rights.

Useful addresses:
CRUSE, the National Organisation for the Widowed and their Children, 126 Sheen Road, Richmond, Surrey TW9 1UR.
National Association of *Widows/Widows'* Advisory Service, Chell Road, Stafford ST16 2QA.

Gay Firth

Granny bonds

Simpler second issue

THE spectre of rising inflation should ensure a warm welcome from savers for the new index-linked National Savings certificates, known as Granny bonds which go on sale on July 1.

Yesterday's announcement that inflation is running at over 7 per cent a year has helped to bring back investors' fears that the real value of their savings will be eaten away by rising prices.

The new certificate works much more simply than its predecessor, the 2nd issue, index-linked certificate, *which relied* on a complicated system of bonuses and supplements the investor could only guess at when first buying the certificate. Like the 2nd issue, however, it is entirely tax free, so it should appeal to higher rate taxpayers.

But basic rate taxpayers who want an inflation-proofed home for their savings would do well to consider index-linked Government *gilt-edged stock,* which currently offers a better return.

The new 3rd issue National Savings certificate will rise in value each year by the same amount as the Retail Price Index. Extra interest will be *added at the end of each com*plete year: 2.5 per cent after year 1, 2.75 per cent after year 2, 3.25 per cent after year 3, 4 per cent after year 4, and 5.25 per cent after year 5.

This gives an overall compound return of 3.54 per cent a year above the rate of inflation. But because the annual interest payments increase over the life of the certificate, you will *receive much less if you cash it* in before its five-year life is up.

The Treasury 1990 index-linked gilt gives a better return than this for basic rate tax*payers, though higher rate tax*payers will do better from the National Savings certificate.

The Treasury 1988 index-linked gilt offers even better returns. Only 60 per cent taxpayers would do better to choose the *National Savings* certificate. But you can only inflation-proof your savings for three years, not five, because it matures in 1988.

The gilts also score if you are likely to want early access to *your savings. You can sell* them when you want, whereas cashing in your National Savings certificates will lose you interest. "If you are offered a marketable instrument on the same rate of return as what is *effectively non-marketable, you* are better off with the marketable,' observes Simon Corker of stockbrokers Phillips & Drew.

What should you do if you already hold the 2nd issue index-linked certificates? You *will lose your fifth anniversary* bonus—4 per cent of the purchase price—if you cash in the 2nd issue early in order to switch to the new issue.

The second issue went on sale in November 1980, so no certificates have yet reached their fifth anniversary. With the bonus and the 3 per cent supplement that will be paid on November 1, it will pay you to *hold on until your certificate* matures. But if it matures later than November 1 1987, and you want to keep your savings in an *inflation-proof home, you will* get a better return by switching to the new issue straight away.

The Government-run National Savings department is also offering you a chance to bet on the future course of inflation.

If you think it will be higher than 5.3 per cent a year over the next five years, you should pick the new *index-linked* certificate. If you think it will be lower, choose the 30th Issue fixed interest certificate, which pays 8.85 per cent tax free.

You will be protected if prices should actually start to fall in years to come. Once the index-linking has been added to your certificates at the end of a year, it cannot be taken away again.

If the Retail Price Index falls in the next year, the value of your certificates does not fall with it, but stays where it is —and you still get your annual *extra interest.*

George Graham

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Retirement homes

How to grow old in comfort

Company	Area	Price range	Lease
Anchor Housing Association, Oxenford House, 13/15 Magdalen St., Oxford (0865 722261)	England and Scotland	£18,000-£25,000	99-year; Over 60s; Resale 70% of market value
Barratt, Wingrove House, Ponteland Road, Newcastle (091 286 6811)	England and Scotland	£20,000-£45,000; Service £336-£540 pa	99-year; Over 55; Resale unlimited
English Courtyard Association, 8 Holland Street, London W8 (01-927 4511)	South and Midlands	£66,000-£85,000; Service @ £800 pa	150-year; Occupier over 55; Resale unlimited
McCarthy & Stone, Queensway House, Queensway, New Milton, Hants. (0425 616070)	South of England and Scotland	£18,850-£45,000; Service @ £500 pa	99-year; Over 60s; Resale unlimited; 1% transfer charge
Retirement Homes Association, 47 Albemarle St., London W1. (01-629 3847)	South of England	£18,750-£52,250; Service @ £800 pa	99-year; Over 60; Lease returns to landlord, capital refunded

RETIREMENT is big business these days; you can get expert advice on everything from how to play bowls to DHSS benefits, courtesy of the many advisers who are preparing for the granny boom of the 1990s. The number of people above retirement age is expected to increase by 40 per cent in the coming decade, and an industry geared to servicing their needs is expanding rapidly.

One of the biggest areas of growth is the development of retirement homes. On the assumption that retired people will want to move into smaller, serviced and maintained accommodation, numerous developers and housing associations are investing in new estates of sheltered homes.

A sheltered home is basically an apartment within a house or complex that comes complete with management company and resident warden. Many provide a lot more, in the form of surgeries, restaurants, shops, laundries and leisure facilities. Others provide maintenance and little else, but all aim for economic accommodation with special features such as emergency call systems and waist-level sockets.

Although both Barratt and Wimpey have entered the retirement home market, the biggest developer specialising in this area is McCarthy and Stone which was mentioned in last week's article. It now has over 35 sites around the south of England and in Scotland. The accommodation is usually one-bedroom flats within a block which also contains communal facilities such as laundry, lounge and guest rooms.

The flats are sold on a 99-year lease with ownership restricted to the over 60s. This can be resold on the open market at any time. As the owner has 100 per cent equity in the flat he receives the benefit of any increase in value, but a 1 per cent transfer charge is payable to the landlords.

Most of the developers involved in retirement homes sell their properties on this form of leasehold, but the housing associations vary in the limitations they impose on the purchaser.

Some associations, such as the Retirement Homes Association which runs two village-style developments in Kent and Surrey, offer a 99-year lease for a capital sum which is returned to the leaseholders when they leave or to their estate when they die. Any appreciation in the value of the property goes to the association along with the interest from the capital sum.

In exchange for his capital sum, the purchaser, who must be over 60, enjoys living in a fully-fitted apartment or bungalow on a pleasant estate run efficiently by the association.

The resident warden is on call 24 hours a day, there is a surgery on site, a full-time administrator and facilities such as restaurant and bar, shop, laundry and workshop. The service charge of just under £1,000 a year includes domestic cleaning and a weekly wash of bed linen plus breakfast delivered to your door every morning.

The form of leasehold arrangement makes it difficult to obtain mortgages. Nearly all residents buy using the cash from the sale of their old house. With the price of a one-bedroom flat starting at £31,950, this scheme is aimed at house owners in the south.

For those concerned about the investment potential of retirement homes, the English Courtyard Association (ECA) offers greater scope. It does not restrict the ownership of its cottages and flats, but stipulates that the occupier must be over 55 years old. The properties are sold on a 150-year lease and can be resold on the open market.

Last week's property page looked at retirement homes. This week, Amanda Seidl takes a more detailed view on the financing arrangements involved.

Noel Shuttleworth, director and founder of ECA, believes this freedom is important to prevent people feeling trapped in their retirement home. With 10 per cent resales every year the population is far from static.

One advantage of this scheme is that children can buy for their parents—a useful formula for those who want to get into the property market and house mother. ECA can help purchasers obtain an interest-only mortgage from the Nationwide Building Society's Cheltenham branch.

Under this arrangement the purchaser pays the interest on the loan at the usual building society rate until the property is resold when the capital is repaid in a lump sum.

The Nationwide will also arrange mortgages which are partly or wholely financed by the purchaser's relatives. The son or daughter would then be eligible for tax relief on the mortgage so long as it was for the use of a dependent relative incapacitated by old age, or was occupied by a widowed, separated or divorced mother.

Shuttleworth wants to encourage companies to invest in ECA's properties for the use of retired employees. So far he has had no takers, but even without corporate buyers, the ECA homes have appreciated strongly since 1979. A two-bedroom cottage in Pewsey sold for £38,000 then; it goes now for over £70,000.

At the opposite end of the market is the Guardian Housing Association, a subsidiary of the Anchor Housing Association which owns 15,000 rented sheltered flats throughout Britain. To meet the demand for this kind of accommodation, Anchor has set up the Guardian Housing Association to develop and manage privately-owned flats.

The Guardian Housing Association receives a 30 per cent grant from the Housing Corporation to allow it to subsidise the price of their properties which sell at 70 per cent of their full market value. The purchaser is free to resell the flat but only at 70 per cent of the value to discourage speculation.

This makes the Guardian properties cheap, at around £20,000 for a one-bedroom flat, and priority is givein to needy purchasers.

It is possible that the 30 per cent grant formula may be changed soon to a shared ownership scheme for less well-off owner-occupiers which would enable them to buy a 50 per cent shares in the lease with a small rent to pay off the remainder.

Anchor recognises that many retired people do not wish to leave their old homes, and that with a little alteration these could be made suitable for their needs. They have launched a "Staying Put" scheme where they act as advsiers and agents for the house owner, assessing the work necessary and obtaining a local authority grant to cover the cost.

In these days of government cuts, grants are often delayed or unobtainable. In these circumstances Anchor can help the owner to arrange an interest-only mortgage from the Abbey National. This is usually over a 10-year term with the capital repayable out of the proceeds of the sale of the property.

Of the 600 people Anchor has helped so far under the scheme, 50 per cent had their mortgage paymnts met by the DHSS because they were receving supplementary benefit and had savings amounting to less than £500. Even those with larger savings can receive assistance from the DHS which deducts the extra amount from the loan and pays the remainder. Anchor does not charge for its service except where a survey is necessary, when it charges for the technical service used.

If you want to find out about retirement homes in your area, a useful contact is the local branch of Help the Aged or Age Concern, or you could send for the list of developers published by New Homes Marketing Board, 82 New Cavendish Street, London W1.

New products

Access to the Almighty

HEAVEN CAN WAIT . . . but giving to charity can not.

That is why the Methodist Church is to join the Social Democrats in accepting credit card donations over the phone.

We all know the feeling: it's a very worthy cause, but I have just finished my chequebook/run out of stamps/used my last envelope.

But that excuse won't wash any more — not unless you can face your Maker with the claim that you have already overrun your Access credit limit.

Credit card donations were the inspiration of the Rev David Bridge, who is secretary of the Methodist Church's Home Mission. He has a budget of about £850,000 a year, and around half comes in direct donations and subscriptions.

The Methodist Church will have to pay a small charge to the credit card companies, but the fee is reduced for charitable organisations.

As an informal slogan, Bridge has parodied the Access motto "Taking the waiting out of wanting." This becomes "Taking the waiting out of giving." Officially, however, the message is: "Give Home Mission the Credit."

Fortunately, the scheme is initially limited to Access and Barclaycard, so we are spared "That'll do nicely, Lord."

The next marketing breakthrough for Access and Barclaycard — credit card payment of Freemasons' dues?

ABBEY UNIT Trusts is completing its range of funds with the launch of a European Capital Trust. Together with the Asian Pacific fund launched earlier this year, the new trust rounds out Abbey's geographical investment coverage.

It will concentrate on the larger European stockmarkets, with over 60 per cent of the portfolio normally invested in West Germany, the Netherlands, France and Switzerland. It will switch frequently from market to market.

Abbey will also focus on larger companies, though smaller companies may represent up to a quarter of the value of the portfolio.

Minimum investment is £500, with units priced at 50p until July 5. The front end charge is 5 per cent, the annual management fee is 0.75p per cent, and the estimated initial yield is 3 per cent.

Abbey will manage the fund itself, rather than making an arrangement with a specific broker, as it did for the Asian Pacific fund.

LAZARD Brothers, the merchant bank, is offering a fund to invest in companies under the Business Expansion Scheme, allowing investors to get full tax relief on their stakes. The fund is Lazard's fourth, and those who put money in this time around will be given first crack at another BES fund to be launched later in the tax year —when more investors are rushing to find tax shelter.

Minimum investment is £2,000, and the fund will close on July 31 or when subscriptions reach £2.5m. The initial charge to investors is 7 per cent, and the managers will be taking options on shares in the companies they invest in.

George Graham

Share dealing commissions

Higher charges await small investors

THE CHANCELLOR of the Exchequer painted a picture this week of a future in which the small investor would find it easier and cheaper to buy shares—with building societies offering a share-dealing service on the High Street.

He claimed that the "Big Bang," when the Stock Exchange abandons its scale of minimum commissions next year, could bring down the cost of buying shares for small investors, not just for the big financial institutions.

The Chancellor should take a look at the High Street banks, who are preparing for the Big Bang not by lowering their charges for share dealing but by raising them. One after another, Barclays, NatWest, Midland and Lloyds have all slapped another £5.75 onto smaller share transactions carried out through their branches.

It is not just the extra charge that can make buying shares through the bank a costly exercise. You can lose out on commission rates, too.

For deals worth up to £7,000, the Stock Exchange has only a single rate of minimum commission: 1.65 per cent. But for larger bargains there is a higher commission rate if the stockbroker with whom the bank deals has to share his commission with an intermediary, such as a bank.

The difference on £10,000 worth of shares would be £24.15, including VAT (see table).

Lloyds will use the lower rate on larger deals, forgoing its share of commission; but it will charge an £11.50 extra fee, not £5.75, in these cases. The other banks will generally opt for the higher rate of commission, though most will waive their £5.75 fee on bargains above £1,500.

In catering for the small investor, banks have traditionally held a marketing advantage over a stockbroker—they appear less snooty.

Many investors feel intimidated by the process of dealing directly with a stockbroker. They assume you need a portfolio worth thousands of pounds before a broker will pay any attention to you. Sometimes with justification. Some stockbrokers will not accept smaller deals—it costs them as much to process a purchase of £500 worth of shares, as of £5,000.

Banks, because of their purchasing power, should be able to get around this restriction. "Brokers will accept small orders from the banks, because they also get remunerative business from them," Lloyds Bank said last year.

But the banks no longer seem prepared to use their purchasing power to secure better terms for their share-buying customers.

The smaller investor, however, can deal directly through a stockbroker and will often save money by doing so. The Association of Investment Trust Companies* publishes a list of brokers who are willing to handle private client business and gives details of what size of account they are prepared to handle.

Many of these brokers, especially those based outside London, have no minimum size of account or size of deal. The AITC booklet—which concentrates on stockbrokers who give advice on investment trusts—also gives the name of the right person to ask for at many firms. It also includes a reply-paid postcard for you to tell the Association if the broker was unhelpful when you contacted him.

** Association of Investment Trust Companies, Park House, 6th floor, 16 Finsbury Circus, London EC2M 7JJ.*

George Graham

Costs of taking quick profits

THE STORY so far: Henry Punter, a stock market dabbler, is learning about takeover tactics the hard way—with his own money. Engulf and Devour, a large industrial holding company, has launched a bid for SBR, an engineering company in which Henry has a stake.

HENRY PUNTER is feeling peeved. He has just pulled off what he considers a stock market coup, but he cannot get his family to share his moment of *triumph. His wife affects an* artistic temperament and a distaste for money, while his teenage children affect a distate for their father.

Henry's coup is that, on the 50th day of Engulf's takeover bid, he has made a large capital gain by selling his entire holding of SBR in the market. He has faced up squarely to that crucial decision confronting any shareholder involved in a bid: to accept the offer, reject it or sell in the market.

By the 47th day of any takeover, the investor should have before him most — but not all —of the information he needs to make his choice. For under the City's Takeover Code, defending companies cannot make profit forecasts after the 39th day of any bid battle (with special dispensation and an extension of the 60-day timetable), while predator companies cannot increase their offer after the 46th day, thus leaving the shareholder a full 14 days to consider his decision.

That decision will be based on the individual's personal financial considerations as well as what he believes the impact of a takeover would be on the target company. *The factors to* be weighed include:

● Does the bid make sense? If considering accepting the predator's paper, the investor will want to know whether there is an inherent commercial logic which makes it likely that the performance of the defending company will be improved if it is swallowed.

Obvious points to note are the extent to which the companies' products are complementary, which might *enable a* merged group to penetrate new markets, or overlapping, which could allow a combined group to increase market share.

Henry, for example, notes that Engulf and Devour has a large rivet *manufacturing* subsidiary which would form a very neat fit with SBR's main business. As he weeds his garden, he makes a mental note dismissing SBR's objections to a deal because of its "lack of logic."

● How do the two companies' performances compare? A key *question in most takeovers* is whether the predator can make the target's assets "sweat" more than the existing management. A defending company will often have a poor track record (which has made it vulnerable to a takeover in the first place) but will always claim to have just turned the corner. Should it be given the benefit of the doubt? And, if it has made a forecast *of greatly improved profits this* year, can that improvement be *sustained several years down* the road? Creative accounting can, after all, do a lot to improve performance in the short-term but not over a longer period.

Henry, for example, is unimpressed by SBR's *whining* excuses for past failure and its claims to a Lazarus-like resurrection in its fortunes. "Stay with us," pleads SBR. "Fat chance," says Henry to himself.

● What are the financial effects of acceptance? There are two factors to consider here: the impact on the capital value of your shareholding (in other *words the share price) and upon* income (that is to say, dividends paid out by the two companies).

Offers for shares are almost invariably pitched substantially *above the market price* prevailing just before the bid is announced. If a bid fails the price can rapidly fall back to that level though this is by no means a foregone conclusion by focusing attention on the target, a bid *may encourage the market* to [illegible]rate its shares, alternatively, the City may believe another bidder is waiting in the wings, and this will continue to buoy up the price.

As for income, there are two *cases to consider. When the* predator is offering cash, the investor has to decide whether the money he will get for his shares (after any capital gains tax) could provide a better earnings stream elsewhere than *sticking with the defender's* after-tax dividend payments — and the possibility of more remote capital gains.

When the predator is offering his own shares, comparisons obviously have to be made between the dividends offered by each company.

However, solid — though poorly performing — companies on the receiving end of bids may pay out better dividends than the fast-growing predators trying to swallow them up (which may retain a greater proportion of earnings for growth).

In these cases the question facing the shareholder is whether the capital gains he is *likely to realise* from an improvement in the predator's *share price*, outweighs the income he will receive from sticking with the defender.

Although sales of shares are liable to capital gains tax, a straight exchange of one company's shares for another, or *for loan stock*, is counted as a continuation of an existing investment. Capital *gains* tax does not therefore enter the picture till the shares are sold.

Henry finds himself in a bit of a quandry. For SBR has always been generous in its dividend policy, and the dividends forecast it made on the 38th day of the battle put its shares *on a prospective yield of 8.2* — high compared to the market average. On the other hand, Engulf's share price has risen 18 per cent over the last year, against a market average of nine.

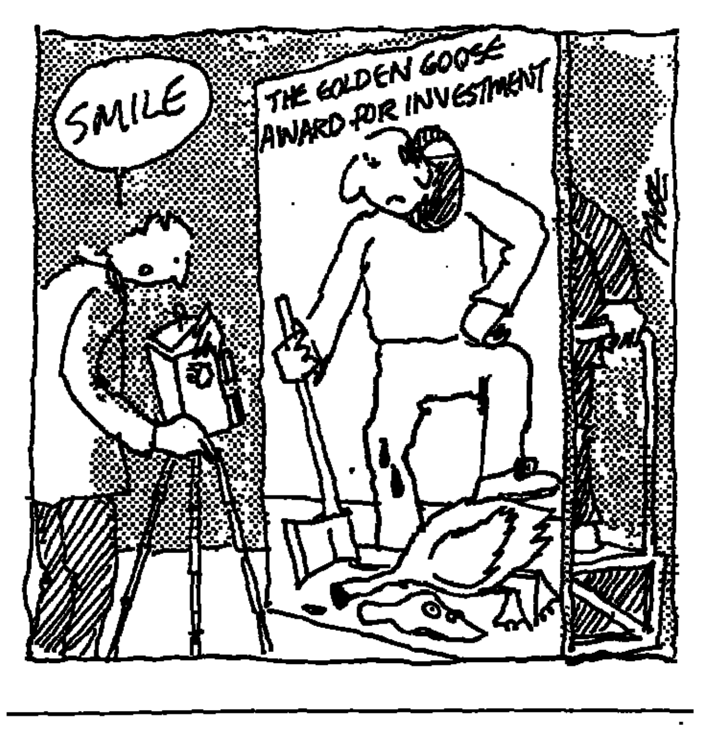
Henry juggles with the figures. Finally, he decides his best course is to take an immediate capital gain by selling his shares in the market where SBR's now stand at 125p, against Engulf's offer of 100p, on *rumours that a "white knight"* may be preparing to enter the lists — a rumour Henry dismisses as silly City gossip.

So, on day 50 of the bid, *Henry sells. By day 52* he is bitterly sorry he did so. For it is then that a new bidder does emerge — Crushit and Strip, another large industrial holding company, which puts in an agreed bid — *recommended by SBR's board* — worth 140p a share that eventually wins the day.

An embarrassed Henry, now glad of his family's indifference to matters financial, sips a consolatory whisky as he assesses the lesson of his foray into the world of takeovers.

Firstly, you have nothing to gain (and something to lose) by rushing to accept an offer too quickly. Secondly, you need to keep a very close watch on the two companies' share prices to gauge when it might be best to *sell your stake in the market.* Thirdly, every takeover is different, and as Henry discovered to his cost, there is no rule that can tell you how to maximise your gains. For that you need skill, nerve and *not a little luck.*

Martin Dickson



This is the third and final article in the Takeover Tactics series. The two previous articles appeared in the editions of June 8 and June 1

Takeover tactics

Pensions

Victory to the major in his war of words

MAJOR Denis Sussex retired in 1975—at the age of 65—and started to draw his State pension. As he had worked abroad for 13 years without making *contributions — as managing* director of a GEC subsidiary in India, and as a consultant in Switzerland—he did not expect his full pension entitlement.

However, he expected more than the meagre State pension. He was offered only 35 per cent of his full entitlement. This *translates into £80.24 for Major* Sussex and his wife.

The most galling aspect of Major Susex's vastly reduced pension was the basis on which it was calculated: the DHSS had deliberately and, it claimed, with legal justification, ignored the six years' contributions that *Major Sussex had made while* fighting for King and country in the Second World War.

Although it had full records of his war-time contributions, the DHSS claimed there was nothing to indicate that Major Sussex had made contributions between 1946 and 1948. These *two years were crucial because*, under the transitory provisions introduced in the run-up to the National Insurance Act (1948), a contributions gap of more than two years meant that all previous years' contributions would be forfeit.

Major Sussex had worked during these years — for the United Yeast Company — and assumed contributions had been *made on his behalf. The* company confirmed his employment. But it could do no more than this since all its contribu*tions records had been* destroyed.

Whatever the factual or legal arguments, the refusal to include Major Sussex's war-time contributions was a particularly cruel blow in view of his record during those years.

He had enlisted, pre-conscription, in the *Territorial* Army in 1938, and his unit was more or less destroyed in northern France in 1940. He escaped to England just after Dunkirk, returning to France on D-Day. His unit was the first ashore in Normandy on Sword Beach.

By the time the unit had achieved the Rhine crossing, he was the only one of the 40 or so original company commanders left in the division. Everyone else was wounded or dead.

At the end of the war, Major *Sussex*, who had been mentioned in despatches, was awarded the Croix de Guerre—the highest French military accolade for bravery—by *General de Gaulle.*

"My reward for my war ser*vice was* to have my social security contributions forfeited," he says.

When Major Sussex wrote to the Financial Times, his own and his MP's efforts had *not* managed to alter the position. Moreover, *his two latest letters* to his MP, in January and February of this year, had gone unanswered.

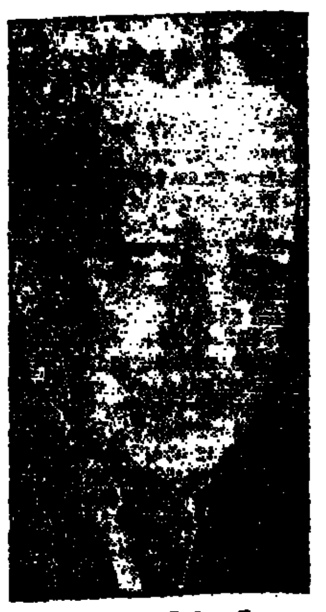
The DHSS was not helpful when contacted on Major Sussex's behalf. But, after 10 days, the DHSS said that for it to make any comment would require a letter of *authority* from Major Sussex. This was *duly provided.*

Meanwhile, Major Sussex's MP, Robert Harvey, said: "I very strongly supported his application for a review of his entitlement. I thought that the reply given at the time was *inadequate and will* be looking further into the matter. As far as I am aware, no letters remain unanswered."

The ending is a happy one. Last week a letter from the DHSS to the Financial Times *and to Major Sussex* announced that his case had been resolved *in favour of allowing his war*-time service to count towards his pension.

This means an extra £36 a *month* and a back-dated lump-sum of about £3,000 for Major Sussex and his Dutch wife — herself a decorated war hero. Unfortunately, it took a newspaper's *prodding* rather *than* the forces of fairness and commonsense to produce this result.

Lawrence Lever



Vindicated: Major Sussex

Insurance

Unit trusts get that up-market feeling

NOT ONLY are there more unit trusts than ever before, there are more companies selling them.

Insurance companies, above all, have been quick to enter *the field. Are they just climbing* onto the bandwagon, or do they have something more to offer the investor?

There have always been *insurance company unit trusts* —including some of the largest funds. Although the Prudential announced the launch of two funds under the name of Holborn earlier this year, it has been running the Prudential Unit Trust *since* 1968.

The fund, rechristened Holborn Equity Trust earlier this year, now has more than £180m, but it has less than half the number of unit holders of a fund such as Perpetual *International Emerging Companies*, valued at £13m.

This is because the fund is not actively marketed to the public, but is used more as an internal investment vehicle for the insurance company's funds.

But as *simple investment* products for basic rate tax-payers, insurance contracts are for the most part less tax efficient than unit trusts—and this applies particularly to regular savings plans since the abolition last year of tax relief on insurance premiums.

Companies are therefore obliged to offer the more effective investment to their customers.

Nor is there a great incentive for the agent or broker to sell unit trusts in preference to insurance contracts. His com*mission will be much lower* — only $3\frac{1}{2}$ per cent of the sum invested.

And the only way the broker can continue to get commission income is by encouraging his client to keep switching from one trust to another — unlike insurance bonds, where renewal *commission may* be paid.

Unit trust companies have *two courses of action* open to them. They may sell general funds directly to the public, taking money "off the page" through press advertisements; or they may sell through intermediaries who should have *more knowledge of investment* markets and may choose more specialised funds.

The Pru opted for the first approach, and limited its first offering to two funds: UK Growth, and High Income.

Funds with these two investment *policies, growth and* income, cover the needs of most ordinary investors, who will probably not feel qualified to switch continually from one fund to another.

But they will not serve the insurance broker or unit trust adviser, whose raison d'etre is his supposed knowledge of different stock markets and whose income comes from commission when he switches his clients' money from fund to fund.

Insurance companies which rely heavily on intermediaries and salesmen must, therefore, offer a range of funds. Providence Capitol, for instance, *entered the market in April* with four geographically targeted funds—UK, Europe, Japan and North America—and a fifth worldwide fund with a more general *approach*.

This process was taken to its *logical* extreme by Sun Life, which launched two separate ranges. The first was aimed specifically at individual investors—the funds are general in their investment *policies* and they will pay no commission *to intermediaries.*

The second range of *geographically targeted* trusts will be sold only through intermediaries, because Sun Life believes specialist funds should not be sold to unsophisticated investors without the benefit of professional advice.

How good are insurance companies as investment managers? *It is dangerous to lump different* companies together—the average can disguise good and bad performances within the same sector.

In general, insurance companies' unit trusts have fared much the same as those managed by High Street banks and by stockbrokers, if performance is weighted according to the *size* of the fund.

George Graham

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Shareholders' perks

Giveaways to take away

SHAREHOLDERS perks are on the increase. So many people bought shares in European Ferries just to cross the Channel more cheaply that the company was forced into a complex share reorganisation to try to distinguish between genuine shareholders and those who had joined only for the ride.

But if you enjoy any shareholders perks, you should be aware that these "free" benefits may end up costing you more in tax.

The main benefit given to shareholders is usually a cash dividend. Before paying a dividend, the company makes a deduction for Advance Corporation Tax (ACT) at an effective rate of 30 per cent of the value of the dividend. With his dividend voucher, the shareholder then gets a basic rate tax credit. This means that, unless he is a higher rate taxpayer, he has no further liability.

If the taxman's *only target* was cash dividends then companies — particularly private companies—could easily take avoiding action by doling out benefits in kind to their members. To prevent this, the tax laws on dividends contained in the 1970 Taxes Act are applied to all "distributions" by a company.

Nevertheless, the Inland Revenue concedes that many perks are not taxable.

One such category is where the company's *main aim in offering discounts is to boost its* sales rather than benefit its members. Strong evidence of this will be if the company gives similar discounts to other sections of the public, besides its shareholders. In practice, the Revenue accepts that in certain discount-orientated sectors, notably hotels and motor cars, shareholder discounts are usually a sales promotion technique rather than a genuine giveaway.

The Revenue has also confirmed that it will not claim tax on perks of minimal value. The threshold is not specified but you should be safely in this category if, for example, you are a GRA Group shareholder who takes up the offer of free admission to one of its greyhound meetings.

Leaving these exceptions aside, genuine perks of more than negligible value are distributions to shareholders and are taxable as such.

How is the value of the benefit to be assessed? The Taxes Act says that it is the amount by which market value exceeds the price paid, which is not necessarily the same as the amount of the discount. The Revenue takes market value as being the lowest figure for which the shareholder could have bought the same goods without the discount had he shopped around. Suppose, for example, that a Burton Group shareholder uses his 20 per *cent discount to buy for £80 a suit which Burtons is selling* for £100. He could have bought the same suit at Debenhams for £95. His deemed benefit is only £15, not £20.

Anyone who receives a benefit which he things is a distribution is obliged to disclose this fact on his tax return. It should not be included in the dividend section of the return. Strictly speaking, only cash payments are dividends. The right place for it is the catch-all section headed "Any other profits or income."

If shareholder discounts *are* distributions then not only must the shareholders declare them as income but the company must pay ACT on them. It is doubtful whether many companies are doing so at present.

If the Inland Revenue launches an assault on shareholder benefits, its first target will be the companies providing them. ACT from companies can be collected in far larger amounts with *far less trouble* than income tax from individual shareholders. Besides, because ACT gives shareholders a basic rate tax credit, the Revenue could anyway only collect from shareholders who were higher rate taxpayers. Nevetheless, if discount schemes continue to proliferate the taxman might well switch to an attack on both fronts.

David Cohen

David H. Cohen is a Solicitor practising in London.

Life Assurance Premium Relief

Disputing in the dark

LAST MARCH, many customers rushed to sign new insurance contracts before the Chancellor announced in the Budget that *they would no longer receive* tax relief on their insurance premiums.

Fifteen months later, many insurance companies — and their customers — are still in the dark over how many of these last-minute contracts will in fact qualify for Life Assurance Premium Relief (LAPR), which adds a 17.65 per cent bonus from the taxman to premiums.

The Revenue is taking the view that a contract *is* not valid until all conditions, such as medical examinations, are met, the insurance risk is accepted by the company and the policyholder is notified.

Customers who signed at the last minute have been paying their premiums on the assumption that the tax relief will be added to them and reclaimed by the insurance company from the Inland Revenue.

If the Revenue decides that a policy was not in fact valid until after March 13, the deadline day, then someone ends up out of pocket. It is not the Revenue, which simply refuses to refund the LAPR. But is it the customer or the insurance company which foots the bill?

The Prudential, which says it made no special efforts to drum up extra business before last year's Budget, has already settled with the Revenue.

For its normal backlog of business — policyholders who had signed up before March 13 but whose documents were still being processed — the Pru has *accepted that it will receive no* LAPR refund. It will make up the difference on the policies in question from general funds. This means the cost will fall partly on shareholders but mainly on other policyholders.

With other companies, the Inland Revenue is in practice saying that it will allow a certain proportion of the policies in dispute, but disallow the others on the principle that they could not have been processed in the time available.

Many companies are still disputing the Revenue's decision on how many of their contracts it will disallow. Some have not even heard from the Revenue what that figure will be.

The Life Offices Association and the Associated Scottish Life Offices, representing the insurance companies, have obtained legal opinion and submitted this to the Inland Revenue. The Revenue's comments have been received, but it is still expected to be some time before the two sides can reach any firm conclusions.

What will happen if the Revenue stands firm? Some companies plan to test its resolve in court, but if this fails they will be faced with an unpalatable choice.

At one extreme — the worst for the customer — they could attempt to reclaim the LAPR from the policyholder. This would do their reputation with the public no good at all, and it is believed that few companies are contemplating this course of action.

Or they could offer the customer a choice: continue the policy but pay the extra that should have been made up by LAPR, or we will refund your premiums to date, possibly with interest.

Again, this could be damaging to their reputation. Many customers are completely unaware that there is any dispute over their policies and would be shocked to find that their contract is not rock-solid.

The third option is to grin and bear it, making up the difference themselves. This could prove expensive over the ten-year life of the contracts.

This money can come from shareholders or from policyholders. It will be easier for companies that offer mainly with-profits contracts to shift the burden onto policyholders than for those that do mainly unit-linked business. Here, the costs would have to be met from the managers' expenses. For mutual insurance companies, however, there are no shareholders, so one way or another, the policyholder pays.

Meanwhile, most customers remain in the dark. Their insurance companies have not told them what is happening, and most do not plan to do so. "It would only upset people," commented one executive.

George Graham

Briefcase

Clearing bank in breach

Can a clearing bank be guilty of theft from its customer if it deducts from his account a charge that arose solely because of errors made by the bank, thus causing the balance to come within the scope of charges, and the customer not only drew the errors to the bank's attention but obtained from it an assurance that no charge would be made because of the errors? If so, how should the customer obtain prosecution?

This arises from a recent experience of mine. It seems to me to be quite dishonest to assure a customer that no charge will arise as a result of the bank's error and then proceed to make one without, as usual, any prior notice being given.

We think that the circumstances which you describe do not constitute the crime of theft. You may however be able to claim damages from the bank, and if the claim can be framed in tort as well as, or instead of, in breach of contract, exemplary damages might be sought.

Domicile and residence

My wife and I are domicile in the UK but have resided in Malta for the last 15 years. It is now our intention to return to the UK and take up permanent residence.

We expect to arrive in the UK about mid-October 1985 but leave for a short visit abroad in early April 1986. On our return we would purchase our UK home.

Our previous visits to the UK total three weeks over the last four financial years.

Would the Inland Revenue consider we had taken up permanent residence in October 1985 or April 1986?

The answer is October 1985, probably.

You will find general guidance *in a free booklet, IR20* (Residents and non-residents: liability to tax in the UK), which is obtainable from the Inland Revenue Public Enquiry Room, Somerset House, Strand, London. United Kingdom WC2R 1LB.

Units gift to daughter

I am a widow of 87. My income this year is £3,452. My daughter is 53. Her income this year is £4,908. We live together. I wish to make her a gift of 10,972 units in Britannia Pref. Share Unit Trust. The value of the units is around £1,900. I do not want to see them as they have fallen from purchase price in 1978 of 24p to 17p a unit today. However, the income is quite good—£300 this past years.

Can the gift be outright with no capital transfer tax payable by either of us?

Would I still be liable to pay tax on the income?

Yes, you can transfer the units to your daughter as an outright gift. Income received after transfer will be that of your daughter, and will not be included in your income for tax (or other) purposes. As the value is under £3,000 no Capital Transfer Tax will be payable, nor will Capital Gains Tax arise as the units have fallen in value since you bought them.

Temptation to sell

I am purchasing a flat as a sitting-tenant, being enabled to do so as the result of a recent divorce and a financial settlement. I have been a tenant for more than 20 years.

Quite out of the blue I have been asked if I would like to sell it as soon as I have bought it. *This had not been my intention, though I find it tempting, but I am wondering where I stand as far as CGT is concerned. My solicitor advises me that were I to do this I would be liable, as I would be seen to be "trading."*

Is this the case, and if so how long can one keep a property before re-selling it? And would the CGT allowance of £5,900 still apply?

Supposing I were to "do the *place up" and sell later in* the year at a highly inflated price, would this still be seen to be "trading"?

If you were assessed to CGT, under section 103 (3) of the Capital Gains Tax Act 1979, you would be entitled to the £5,900 exemption for 1985-86, as well as indexation relief. If you were assessed to income tax, there would be no exemption and no indexation.

There is no rule-of-thumb answer to your first (double) question. Doing the place up would increase the likelihood of your tax inspector making an assessment to income tax.

Tax owed on sale of surplus

I am proposing to purchase a house with three acres attached. If I obtain planning permission and sever off the land and sell for building purposes in small plots would I be liable for land tax or any other form of tax (capital gains etc).

Your profit is likely to be assessed to income tax. The solicitor who acts for you in the purchase etc will be able to guide you on the tax aspects of the transactions.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

PROPERTY

Developers go after a more up-market image

WITH PRIME building land now so expensive, developers are having to squeeze more homes onto less space.

At Oak Park Gardens, Wimbledon, for instance, 22 three and four bedroom detached and semi-?detached homes are being tted onto 1½ acres. This has meant clever tailoring by Putney architects Pinchin Kellow, who have designed on the "single aspect" principle.

This has meant houses in which the windows of the main rooms all face in the same direction, maximising privacy despite the high density. There is imaginative use of brick coursing, with tinted glass in little "eyelet" windows providing an ecclesiastical touch to complement Our Lady and St Peter church opposite. The only skimping on size is in the case of the bedroom which is just under nine feet square.

The complex is a new venture for Mansell, who are better known for restoration and refurbishment.

The Wimbledon houses, off Parkside, are being launched on Monday by the agents, David Hall, John German, Mount Street, W1 (01-499 9671). The appeal is to "young executives with a growing family, able to trade up, and needing to be close to central London."

Esher is another desirable town where builders are satisfying a demand for something special. Gascoigne-Pees, High Street, Esher, say that buyers there tend to be top-rank executives for multinational companies and banks. "Aged between 30 and 50 years, and married with a couple of school-age children, they can afford a quality home."

This is one ofthe markets that Barratt, still Britain's largest builder, is concentrating on to try to kill off an unfortunate image.

"We are catering for a discerning sector ofthe population ready to move on and up," said chairman Sir Lawrie Barrett, commenting on a growing demand for "more saphisticated higher quality housing, offering more living space, style, visual appeal and comfort."

What this means is suspension timber-frame construction "until public confidence is restored," and cutting back on homes for first-time buyers. By the end of this year only 40 per cent of their product will be for this sector, compared with about 75 per cent two years ago.

In certain area it was no longer possible to build affordable housing, said Sir Lawrie. "Higher costs for material and labour are factors, but the major problems is the severe shortage of land for development, and the massive escalating costs when it is released through the planning system."

As part of its changing emphasis, Barratt has given its new designs such names as Ambassador and Embassy for homes up to £60,000 or so and President and Sovereign for higher brackets.

The first of Barratt's four show villages is being built at Bracknell, Berkshire.

John Bailey, who runs Architectural Services Planning Partnership (ASPP), and Cartledge Frames, stands by timber-frame.

In his current **Book of House Plans** (£6 plus £1.50 postage from ASPP, 45 Station Road, Redhill, Surrey) there is an explanation of this method of construction. It says 95 per cent of houses are built this way in Canada, where weather conditions are worse than in the UK.

The book features the latest solar heating system, Solar 2000 by *Energy Saving Consultants* of Chichester. It consists of a series of glass tubes, said to be more efficient than the usual flat solar panels. The routing of water is kept separate from the tube collector, so avoiding the possibility of contamination.

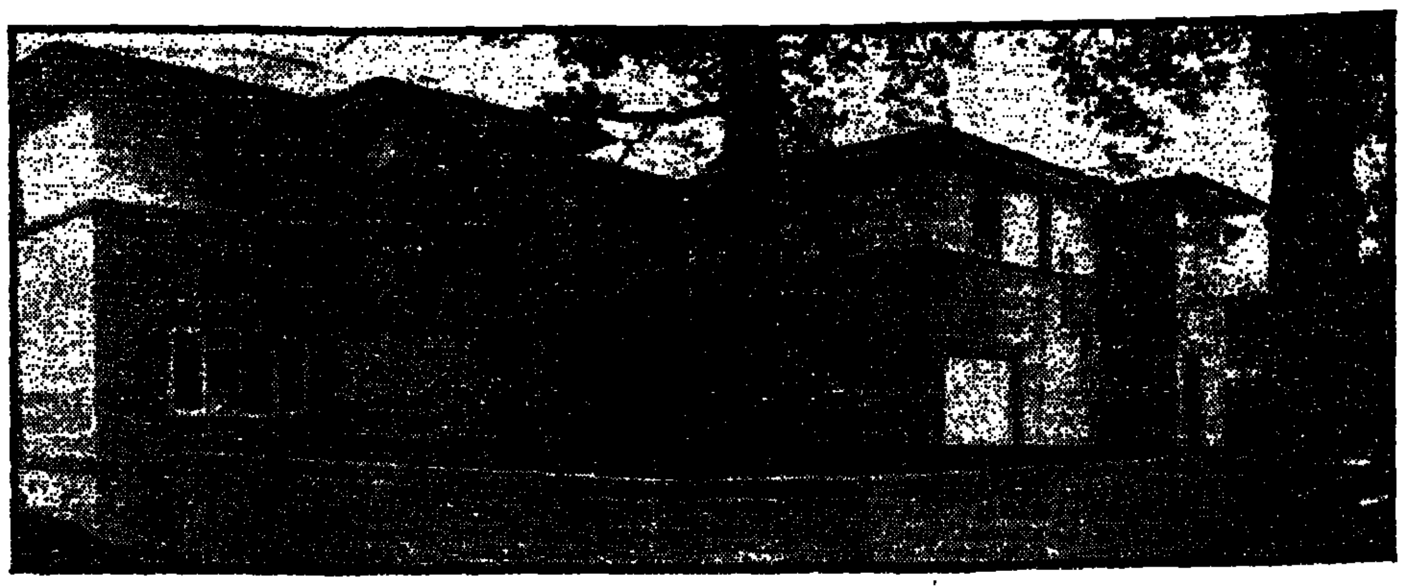
Top-selling plan is for the four-bedroom, two-bathroom Jubilee House, an up-dated version of the Glendower, first built in 1970, and on show at the National Exhibition Centre last month. It can be built for about £45,000 excluding land. (Full details of everything — from the downpipes and gutters, by Hunter Building Products in Van Dyke Brown, to the duvets designed by Cynthia Lennon for Wilshire — in a free brochure from ASPP.)

Houses at Willow Park, Chorley, Lancashire, are built by Willan Homes of Sale, Manchester, with the Timber Research and Development Association as architects and Pilkington Brothers as energy advisers.

All face south to take maximum advantage of the sun. A large, triple-glazed conservatory, good ventilation and a high degree of insulation are aimed at cutting running costs by as much as 50 per cent.

Visiting one of the 31 houses recently, Energy Efficiency Minister David Hunt said that he wanted home buyers and building societies to take into account this added value when assessing homes. Prices at Willow Park are between £53,500 and £66,750.

June Field



Left, new Mansell houses for sale from £130,000 at Oak Park Gardens, Parkside, Wimbledon, where a showhome opens on Monday. Details John German (01-499 9671).

Berkeley Homes' new four-bedroom, two-bathroom houses at Busbridge Park, Godalming, Surrey, are selling from £126,000. **Details Andrew Meehan, Cubitt & West (0468 6122)**

Below, a conservatory is a feature of Barratt's new showhouse at Dulwich Gate, SE21 where homes are selling from around £350,000. Details 01-630 5721.

Home safety guidelines

EVERY YEAR 0.5m children in Britain are injured in accidents in and around the home, many of which are attributable to bad house design.

The Child Accident Prevention Trust, 75 Portland Place, W1, recently produced for discussion draft design guidelines on safety improvements for builders and architects.

Intended to apply as much to adults as infants, and to new as well as renovated housing, the risks pin-pointed were quite frightening.

The guridehlines, which are expected to be published later this summer, do not aim to be comprehensive, since statutory building regulations and British Standards already apply in many cases.

The Trust's suggestions include:

- Well-located lighting which allows for easy changing of bulbs and cleaning.
- Staircase and landing balustrades which are inpenetrable by a 100 mm sphere so that youngsters can not squeeze between them.
- Safety gates at top and bottom of stairs.
- High-level bolts and efficient locks on windows to stop children from falling out and burglars from getting in.
- Safety-glazing that is laminated or toughened glass (instead of annealed glass which shatters into jagged shards on impact) for glass doors and side-lights.

RESIDENTIAL PROPERTY

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MOTORING

Big engines in small cars offer good performance at low cost

FROM Knightsbridge to Goodwood House is 67 miles which is quite a long way to go on six pints of fuel.

The 89.3 mpg a colleague and I achieved in a Daihatsu Charade was due to two things: the inherent economy of a one-litre, three-cylinder turbo-charged diesel and a judicious bit of cheating. We knocked it out of gear and freewheeled, engine off, whenever we could and only exceeded 50 mph downhill.

Since then, I have been using a Charade turbo-diesel more sensibly and have seen 56 mpg for a mix of town and motorway driving, keeping up with the 80 mph traffic flow without difficulty.

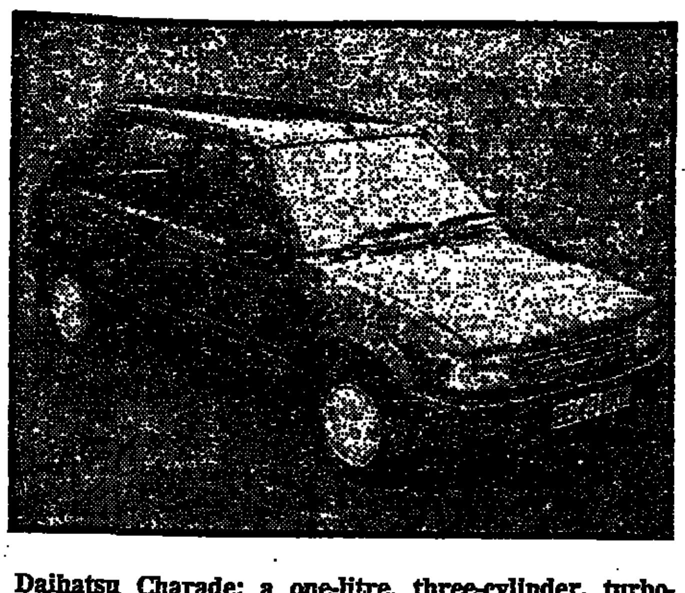
It is an endearing little car, with a snappy five-speed gearbox, a reasonable ride, room for four adults, an *internally* released tailgate and fuel filler flap and steering that makes it light to park and nimble on winding roads.

The engine fires up first flip of the key after a three-second delay for the pre-heat warning light to go out. It has a shuddering tickover and you would never mistake it for a four-cylinder until the tachometer is showing more than 2,000 rpm at which it settles down to spin as eagerly and nearly as smoothly as a petrol engine.

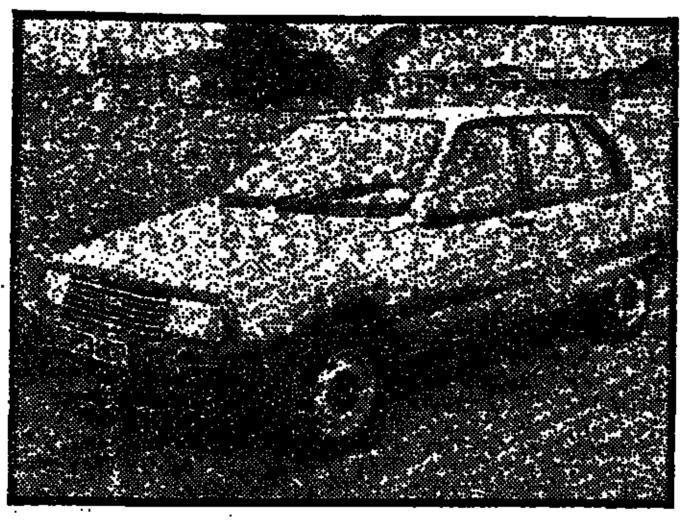
For a car with a turbo-charged, fuel-injected engine (for that is what a diesel is) a price of £5,699, which is £500 more than the non-turbo Charade CX diesel, is most *reasonable. It is* exceedingly clever and only the Japanese could do it. But is turbocharging the best way to give a small, high economy diesel car a satisfying performance? I am not so sure.

A few weeks before driving the Daihatsu I used a Citroen Visa Diesel for about 500 miles. It epitomises the theory that the best way to get performance and economy is to put a big engine in a small car.

The Visa's engine is getting on for twice the size of the Charade's—1769cc against 993cc—and it puts out 60 horsepower at 4,600rpm compared with the tiny turbo's 36.6bhp, also at 4,600rpm. Its maximum torque *(pulling power) is almost* twice that of the Daihatsu and is achieved at 2,000 rpm instead of 3,500 rpm.



Daihatsu Charade: a one-litre, three-cylinder, turbo-charged diesel, light to park in town and nimble on winding roads



Citroen Visa: a big diesel engine more frugal on the motorway than in town, but a pleasant car to drive anywhere

All of which adds up to an extraordinarily lively yet relaxed performance from the Visa. It has only four gears, but they are widely spaced so that top gives 22.4mph per 1,000 rpm. The Daihatsu's engine is spinning rather faster in fifth.

The Daihatsu will easily run up to 65 mph in fourth gear, *which is useful for overtaking,* whereas the Citroen feels that 55 mph is fast enough in third. But the Citroen does not need to be chased up to relatively high engine revolutions. The beauty of its diesel, which is virtually the same as that used in the Peugeot 205GLD, is that it pulls really hard at quite low speeds. It steams away in top from 30 mph whereas the Daihatsu is happier if dropped down to fourth, even third if fully loaded.

As a result, the Daihatsu's astonishing official fuel consumption figures of 54.3 mpg in the urban cycle, 76.8 mpg at a steady 56 mph drop to 45.6 mpg at 75 mph, at which the turbocharger is working hard. The Citroen cannot quite match its *theoretical economy* at low speeds (51.4 mpg urban, 65.7 mpg at 56 mph) but is more frugal on the motorway—47.6 mpg at 75 mph.

In the real world, and not in the pages of the DpT booklet of fuel consumptions, a Daihatsu Charade turbo-diesel will beat a Citroen Visa diesel's economy only if driven very gently. When I was using the Visa I exploited its low speed torque to minimise gear changing and was rewarded by 59 mpg (compared with the Charade's 56 mpg).

At motorway speeds, there was little to choose between Charade and Visa for mechanical noise though the Citroen's Michelin MX tyres rumbled more noisily on coarsely textured surfaces than the Daihatsu's Japanese Dunlops. In town and suburban streets, the Visa was a pleasanter car to drive because second and third gears coped with everything and even fourth was jerk-free at a gentle 25 mph. One knew it was a diesel, but it sounded and felt much nicer than the Daihatsu's three cylinders, fluttering away at low speed.

Diesels are, of course, always bought for economy and if one is paying with one's own taxed income, first cost is important. Here the Visa wins hands down, with a showroom price of £4,550 (£4,950 for the better trimmed and equipped RD version) compared with the Daihatsu turbo-diesel Charade's £5,699. You have to buy you own radio with the Citroen; the Charade's push-button LW/MW set is part of the package.

The Citroen also rides better, though it rolls more on corners. Servicing and spare parts costs are said to be cheaper, too. I would sum up by saying the Visa is a more practical buy, the Charade a more sophisticated car. Does turbocharging, or price, turn you on?

The growing number of diesel car owners will have noticed that diesel fuel is now generally 8p per gallon cheaper than four-star. Even without a favourable price differential, diesel cars cut fuel bills by about 30 per cent. The lower pump price is a bonus.

Stuart Marshall

WEEKEND FT REPORT

WINE

Adding experiment to mystique

Lisa Wood reports the changes that have turned wine into the UK's favourite tipple

THE SALE of wine on tap in the British pub is indicative of how widespread the drinking of table wines has become among all social classes in Britain.

It is estimated that more people in Britain drink table wine than any other alcoholic beverage, with sales at current prices worth about £1.7bn a year. An estimated £910m of this is in pubs, restaurants and wine bars with the remaining £793m in off-licences and grocers.

Last year the market grew by an estimated 17 per cent, a rate forecast to be maintained this year.

Concurrent with this has been a growth in different types of packaging. Table wine is now available in 1 litre Tetrabricks, 3 litre PET bottles, 25 cl cans and for the pub 18 litre boxes.

"The mystique of wine is still there but people are more willing to experiment," says Mr Alan Cheesman, of J. Sainsbury, which sells about 15 per cent of the wine drunk in Britain.

Mr Cheesman's comments are also pertinent to the increased willingness of consumers to try new products—including wine and fruit juice blends, called "coolers" in the U.S.—and the efforts being made to stimulate these new markets.

International Distillers & Vintners, the Grand Metropolitan wine and spirit subsidiary, is probably the most adventurous and innovative company in this field. One of its new products, Volari, is aimed at the younger drinker.

Mr Graeme Christie, wine manager, said: "We did some market research among young people and asked them why they did or did not drink table wine. The feeling was that wine had a stuffy and older-age profile image.

"So we looked at what these young people were drinking and found they liked products with a semi-sparkling and chilled feel, such as lager."

The result of the investigation was IDV's launch of Volari last year. The fact that the product is wine and that it comes from Italy is minimalised.

"Volari is a drink that happens to be wine," said Mr Christie. "It is a bridge into the general table wine market for the younger consumer."

A £1.5m advertising campaign is being put behind the brand.

"We have to make an impact quickly because the retail grocery trade is not very patient," said Mr Christie. By comparison, total wine advertising in 1984 was £11.4m according to MEAL, the media expenditure analysis company.

Advertising support is crucial for a company such IDV with its committment to brands like Piat D'Or, the best selling branded wine in Britain. It faces a market where more major retailers are developing own label products.

In spite of the development of own label, IDV sees a sound future for its brands. But Mr Christie says weaker brands often imported by independent smaller shippers could suffer as the market polarises between the major multiples and companies like IDV with its own off-licence chain.

"About 95 per cent of consumers are in need of reassurance in their wine purchasing and that is a classic brand advertising market," Mr Christie said.

The importance of own-label products, with strong performers including the Co-op, Sainsbury, Safeway and Tesco, is increasing. The top 12 wine brands accounted for an estimated 15.4 per cent of the wine market in 1983 but only 12.5 per cent in 1984.

Major multiples such as Sainsbury entered the market in the early 1960s in the wake of the abolition of retail price maintenance and the 1962 Licensing Act, which liberalised the selling of alcohol.

The multiples took by storm the major brewers, owners of the majority of specialist off-licences and with established shipping companies. Today it is estimated supermarkets command about 55 per cent of off-licence wine sales.

The reduction in excise duty on table wine in last year's Budget brought prices down by about 18p a bottle and many wines fell to below £2 a bottle, an important psychological price break and one which has adversely affected sherry and vermouth sales.

"This year's Budget increase of 6p on light wines was a little unfair," said Mr Cheesman. "It was more than the rate of inflation."

Poor harvests are posing an additional problem for German wines, in particular Liebfraumilch. Although French wines still account for about 38 per cent of the table wine market in Britain, German wines have shown spectacular growth. Almost all of this is accounted for by Liebfraumilch.

"The 1984 German harvest was not good in terms of quantity and the quality remains to be seen," said Mr Cheesman. "We are beginning to face a tremendous pressure on prices caused by shortages and high demand."

It is a phenomenon, however, that could affect many other wines, including champagne Chablis, Rioja and Soave, with prices hardening as the full extent of this year's poor winter in Europe is fully assessed.

At another extreme, the weak pound has put financial pressure on Seagram's Paul Masson Californian wines which have until recently only been sold in the 1 litre carafe. However, because the consumer tends to check prices more carefully than sizes, the company is introducing a 70 cl carafe.

Seagram is also testing its Paul Masson on tap.

"The pub trade is a very strong growth area for us, particularly as we have a distinctive brand," Mr Stephen Woodward, managing director of Seagram (UK) said.

It is a market also being explored by Stowells of Chelsea, the wine and spirits subsidiary of Whitbread. Mr Mike Tye, marketing controller. said: "People often say the wine served in pubs is bad. That is incorrect.

"The wine is OK, but the condition in which it is served is often poor, with an uncorked bottle perhaps staying on the bar for longer than advisable.

"The wine cask is an excellent way of avoiding that problem.

"The brewers were loath at first to introduce these dispensers as they were afraid it would affect sales of bitter. But if a couple go into a pub and the girl wants a glass of wine and she cannot get one, they will move on."

English wines, like the produce of Lamberhurst Vineyard in Kent being inspected by wine master Karl Heinz Johner, are growing in reputation and volume. More than 1.35m litres were produced in 1984.

UK Market share by Country of Origin (Estimated percentage)

	1980	1981	1982	1983	1984
France	36.0	37.6	38.6	38.1	38.4
West Germany	21.1	22.1	24.7	27.2	32.1
Italy	17.3	16.1	14.9	14.4	12.5
Spain	13.7	12.0	10.2	9.3	7.2
Yugoslavia	5.9	4.9	4.8	5.2	4.5
Portugal	2.1	1.8	1.7	0.8	1.3
Others	3.9	5.5	5.1	5.0	4.0

Source: Trade estimates

Investing in wine

Few winners in a restricted market

OVER-OPTIMISTIC views on investing in wine are often heard, as though it is not subject to the hazards that affect other commodity speculation. Yet it is a restricted market in supply and demand, for there are surprisingly few wines that qualify on any scale —not more than about 40 classified-growth clarets and half a dozen shippers' vintage ports. This can be seen from the sale catalogues of Christie's and Sotheby's.

The prices of other good vintage wines — including lesser clarets, single-vinyard red burgundies and rarities rise over the years, but so does inflation. And with wine investment there is the question of variable vintages. The results can be very different.

To give an example, 30 years ago one could buy the young Ch Lafite 1953 at a retail price of £12 a case. Fifteen years later, in 1970, it was selling at Christie's for £130, but this year a case went at Sotheby's for £1,800.

If, on the other hand, one had originally bought the then more highly thought of 1952 of the same château ("more body, longer-living"), the price would have been higher then, the saleroom price after 30 years of inflation would be no more than about £450 a case, provided that during this long period the wine had been properly kept.

Yet if one had opted for the 1954, not as good costing more than the thought-to-be short-lived 1953, the return today would most likely be not much more than £150 a case.

The reasons for the huge growth in price of the 1953 Lafite are first that it was and remains an exceptional wine; second that demand for top clarets has greatly increased—mainly because of the U.S. market that became a significant factor only about 20 years ago.

Another consideration is that the proprietors of sought-after claret estates (first growths and those selling at leading second-growth levels) now sell their wines at much higher prices. Aware of the big profits made on their wines by others, they have decided to take a bigger share than in the earlier post-war years, when the Bordeaux trade was not very profitable.

Moreover, many of these estates now initially release only a proportion of their latest vintage and spread it among a wider range of the Bordeaux *négociants*, who in their turn have to limit supplies to their customers in France and abroad.

In popular vintages such as 1982 and 1983, this leads to increased demand for further supplies at inflated prices. On the Bordeaux market a case of Lafite 1982 that started two years ago at FFr 170 now costs FFr 600 — from trade sources rather than private speculators. And the Latour 1984 vintage — moderate in appeal compared with its three predecessors— has recently been first offered at FFr 180 a bottle, FFr 10 more than last year.

The most sought-after of clarets, particularly in the U.S. where it has become a prestige cellar symbol, is Ch Pétrus, which produces only 4,000 cases in a good year. Not surprisingly the opening price of the 1983 from the sole importing merchant in Britain was £475 a case in bond, with duty and VAT to pay on arrival.

The other leading investment wine, vintage port, acquired a great investment reputation in the 10 to 20 years after World War Two. This was because of the immaturity of the leading postwar years and the ridiculously low prices in the depressed 1930s of the great pre-war vintages, including 1927, 1934 and 1935 — about four shillings (20p) a bottle.

Prices then stabilised, but more recently have moved ahead. Yet until a year ago the greatly prized top 1963s that sold first at £12 a case, could be bought at auction for less than £200.

Vintage port investors must be prepared to be patient. The latest, most esteemed year is 1977, where prices have already risen, but is not reckoned to be mature until the end of the century.

As a wine drinker I must admit not to be very sympathetic to wine investing purely to make capital gains, because it increases prices for wines in the "investment belt" and puts them out of the reach of those who want to acquire a few bottles of these very fine wines for future drinking. I am more in line with those who buy the extra case of a favoured wine which they may expect to drink if it turns out as well as hoped, but otherwise may be used to sell and offset the higher price of younger vintages.

With high-level clarets now initially expensive, it is probably best to buy lower down the classed-growth lists. Your wine merchant is best placed to advise on this. All vintage port is relatively inexpensive at first, partly because it takes a long time to mature.

Those who wish to buy wine for investment should buy as early as possible after prices are announced. They must also ensure that the wine is properly kept in reasonably low, constant temperature. If shipped in wooden cases these should be retained.

The obvious place to sell is in the London saleroom. Unless the quantities are large the commission paid by private investors is 15 per cent, plus VAT, a factor not to be overlooked when considering the right time to sell.

Edmund Penning-Rowsell

Summer wines

Warmer means lighter and whiter

THE IDEA of summer wines suggests somewhat lighter ones than those associated with winter drinking—such as port, fuller-bodied sherries and red burgundies. Lighter tends to imply white wines, and those with a relatively low alcoholic strength.

It recalls rather cheaper wines that may be swallowed with less attention than on more formal occasions. It conjures up wines for picnics and open-air occasions, even such well-established ones as Glyndebourne, where more white than red is observed.

But summer wines also implies the lighter reds such as claret and beaujolais.

Starting with aperitifs, sparkling wine must come first. The claims of champagne do not need arguing: only the cost and the company. There is no point in opening expensive bottles for those just as pleased with lesser *methode champenoise* sparklers.

Among these I would place first sparkling Saumur, a fuller-bodied wine than most champagnes, but from a reliable brand it is very good value. The best is the Crémant de Loire, a superior appellation introduced a dozen years ago, with lower permitted yields from the grapes and less severe pressing. Costing 50p or less over the standard blend, I find it as near to champagne as any sparkling wine.

Also recommendable are the dry sparkling Seyssel from Savoy and the Blanquette de Limoux from near Perpignan. Their prices are similar to those of Saumur, and they are very fresh, dry wines.

A tip worth knowing if drinking a sparkling wine on a hot day in the open is, if possible, to open it in a cool place indoors. However cool the wine in cellar or refrigerator, the rapid change in temperature is liable to force out the cork at a fast rate — and some of the wine too.

The other obvious summer aperitif is a really dry fino sherry; and among these a manzanilla with its crisp, slightly salty flavour is recommended. Both should be served well chilled either in a copita or in a glass large enough to allow the bouquet to develop. Fine finos are very good value.

For white table wines there are two particularly good sources; the Loire and Germany. From the former the cheapest is Muscadet, but it has to be a good one, for many are dull and dumb. The best really dry Loire come from up-river at Sancerre and Pouilly-Fumé. The 1983 vintage of both is excellent, and they make admirable aperitif wines too. So too can a slightly sweeter, fuller, dry Vouvray.

A fairly recent dry Loire is the crisp Sauvignon de Touraine. The Sauvignon grape comes from Bordeaux, whose own Sauvignon wine often has a more pronounced, incisive flavour and is inexpensive.

Among German wines my first choice would be the Moselles, admirable both as aperitifs and to accompany food, particularly with fish or first courses. The vintage generally to go for is 1983, but I know of no more attractive summer aperitif, particularly out-of-doors, than a mature, quite sweet, flowery Moselle from Kabinett up to Auslese class, served fairly cold but allowed to develop in a fairly large glass.

With so much cheap, poor German wine and pseudo-German Euroblend about, it is worth paying upwards of £4.50. The Saar and Ruwer wines are particularly attractive for these occasions.

Specially suitable for summer drinking are those from Alsace, and they deserve more attention than they recieve. The best are usually the Rieslings, but the most individual are the Gewurztraminers. The most recent fine vintage was 1983, but Alsace wines improve greatly with a little age, and 1981 is probably the year to look for.

Moving on to red table wines a fresh, fruity Beaujolais cannot be beaten for *al fresco* meals. The 1984s have the freshness, but the 1983s have much more fruit. A good Beaujolais Villages 1983 is not to be despised, but the *cru* wines such as Fleurie or Chiroubles are worth the extra cost. An alternative is Chianti, whose fruitiness combined with acidity goes well with summer foods.

At the more serious-drinking level claret is the most recommendable summer red wine. One of the lesser 1981s or a fine 1980 (if one can find one) would be obvious choices. There is a case for saying that summer is the time to bring out one's best claret bottles, but not outdoors, as the bouquet will be destroyed by even the lightest breeze. Also any temperature much above 70 deg F is likely to "mull" a fine claret.

Finally, summer is the time to drink sweet white wines, and none is more delicious than Sauternes, which includes Barsac. The best years are 1981, 1979 and 1976. Less expensive, but very agreeable if not over-sulphured, are their neighbours in Cérons. Equally good value are the sweet Coteaux du Layon wines from the Loire, headed by that comparative rarity *Quarts de Chaumes*, whose lusciousness is combined with a firm acidity. Otherwise a sweet but not flabby German wine — here the Rheingaus come into their own.

On the other side of the Rhine the fairly new Vendange Tardives have added a new dimension to Alsace wines. The least expensive sweet white wine of quality is Monbazillac, which deserves wider appreciation.

All these sweet wines go well with fruit, but not with chocolate. They should not be so chilled as to kill both aroma and flavour.

Edmund Penning-Rowsell

هكذا من الأصل

TRAVEL

Australia — big enough to take it

IT WAS not much of a surprise when she doffed her clothes and plunged into the emerald-green water. These days, young people do that sort of thing with very little provocation. I tried to look unconcerned as the sun beat down and agile windsurfers scudded around our boat.

This was Australia and we were only a few miles north of Sydney, having rented the boat on the Hawkesbury River and cruised the afternoon away to a pleasant anchorage in a sheltered bay. It was only later that our company, including the lithesome swimmer, was regaled with stories about sharks and their breeding grounds where oceans and rivers meet. And where we were.

Nature and city living are near-neighbours in Australia. It is easy to pay lip-service to the legend of Australians and the outdoor life without truly realising just how deep this connection goes. Australia's cities become urban graveyards at weekends, except where the tourists provide enough custom for a little desultory business. All sane locals have gone—to the hills, the bush, the ceach and the water.

I should admit that only in recent years have I come to regard Australia as one unified country. For the European visitor on a tight schedule, it so easily becomes a series of urban islands within the one huge island. You do what you must in Perth and catch the jet to Adelaide, and then another to Melbourne, and then to Canberra, and so on. It is difficult to get a feel for a single country, particularly as there often is a deep rivalry between the states and the major cities.

It was nearly 30 years ago that this voyage of discovery started when I had been drifting around the Pacific and pitched up, of all places, in Darwin. Even proud Australians will not claim that Darwin in the 1950s was the most sophisticated place on earth.

Well, time passes and things change. Today, Australia suddenly finds itself fashionable. It is reckoned to be the next big *growth destination* on the world tourist map. Hotels and holiday resorts are springing up like multi-coloured mushrooms around the coastline. The rewards of tourism are making hoteliers and airline chiefs alike rub their hands in delighted anticipation.

Thank heavens Australia is big enough to take it.

I would still plump for Sydney as the best starting point for any trip and, much as they will try to talk you out of it ("don't you realise what a big country it is?") would also urge the first-timer to do the milk-run of Sydney, Ayers Rock and Alice Springs, then Brisbane and north to the Barrier Reef. That way, you will see something of everything and get a taste for more thorough, and restful, visits in years to come.

In Sydney, most visitors make a point of seeing the Opera House, set on a point jutting into the harbour almost in the shadow of the famous bridge.

Sydney's shoreline: an unlikely mix of Mayfair and Margate

I recall going into one of the halls, huge and dimly lit; there, astonishingly, was a full orchestra rehearsing a concert for children. Australian folk music swelled across the rows of empty seats, its full symphonic version as distant from the didjeridoos as the setting was from the cooling shade of a coolabah tree.

Walk back from the Opera House, taking the full arc around the Circular Quay piers from whence the ferry boats ply, and you get to The Rocks, another reminder that Sydney is right up there in the Yuppie generation. Boutiques sell designer T-shirts and 19th century properties, once the fever-infested housing of the city's low life now contain cafes and galleries. The images of Covent Garden and Fulton Street market are alive and well here, too.

This area now is dominated by the relatively new Regent Hotel, whose arrival has set the cat among the local accommodation pigeons. The Regent is a remarkable hotel by any standards and I am told its arrival has stimulated the former local champions, the Sheraton Wentworth and the Hilton, to greater things.

Later this year, the hotel scene will move on yet again with the opening of a new Intercontinental which, set as it is in the old Treasury building, looks as if it is to be quite something.

I suppose it is elegant new projects like this that will attract the well-heeled and well-rounded clientele that helps to make Sydney—indeed, Australia—such a confusing place. At times, when you wander out of the Opera House or the Regent and Stroll along Circular Quay with its cheap souvenir stands and fast food outlets, it seems like an unlikely mix of Mayfair and Margate.

But it is both unfair and pointless to try to make comparisons. Much of the reason for Australia's arrival on the tourist scene is that its separate identity has been recognised. It is as if we had only just realised that here was another nation.

Further information: Jetset Tours is Australia's biggest tour operator. Its UK offshoot operates a wide range of trips and will tailor-make visits. On my most recent trip I flew British Airways which has frequent services via the Middle East and Malaysia/Singapore where stopovers are inexpensive.

Arthur Sandles

A day on the way to nowhere

IF YOU want to escape the comforts of civilisation, Adelaide offers a useful jumping off point for Alice Springs, the town which is a thousand miles from anywhere.

From Adelaide railway station, at 10 am each Thursday (and on Monday in winter), the "Ghan" departs on its leisurely 24-hour journey to the back of beyond.

The fare on the "Ghan" (named after the Afghan camel drivers who first penetrated the Australian bush) is around £70 single in economy, half this for children, students and pensioners, but it is worth paying double and travelling first class. Not for the food, which is also reminiscent of bygone Britain, but for the pleasure of shutting yourself away in your womb-like cabin, settling back in an armchair and watching Australia glide by. While you slip out for dinner ("a reasonable standard of dress is expected") and a communal sing song (there is a piano bar as well as a television lounge on the Ghan) your bed is prepared.

If you are lucky you see kangaroo or emu. You will certainly see one of the most soothingly unchanging landscapes in the world. For over 12 hours the view is of green scrubland but for some reason, perhaps because the colours are always subtly changing in the sunlight, it is beguiling rather than boring. If you want to experience life on a sheep or cattle station, or take a (now permitted) look at the Woomera rocket range, the Ghan will set you down and pick you up again a week later.

If not, the next morning you arrive in Alice Springs, originally just a telegraph station, then a catle town, and now one of the fastest growing communities in Australia. It has just switched on its first traffic light (yes, 1,00 miles from the next set); there is a casino and a new arts centre; a golf course is being prepared and a large Sheraton hotel. Now they have discovered natural gas. Alice is remarkably green, partly because of the spring, partly because recent rainfall has been above average. To the outsider the most striking aspect of Alice is the Aboriginals, who live in the town but are not of the town. They choose to live beneath the trees rather than in the houses built for them: they stride purposefully through the streets, going nowhere.

Alice is a confident, self-contained spot, with much happening behind a sedate exterior. Just outside the town is Chateau Hornsby, which produces a red wine which is slightly more than a curiosity. There is also a camel farm where you can join an expedition for dinner in the bush. Australian camels are healthy (they are exported to the Middle East) and according to Noel Fulerton, who wins most of the camel races in Alice, good-natured at heart. Apart from camel races there are weekly horse races, popular because you can bet there on any race taking place that day in Australia.

Forty minutes flying time from Alice is Yulara, the tourist resort that has been developed to service the 6,000 visitors a day to Ayres Rock, the largest monolith in the world, which rises over 1,000 ft out of the bush and is six miles around. A fly-drive trip from Alice to Ayers Rock, two days, costs over £100, but there are many inexpensive short trips from Alice into the bush which give you the feel of the interior.

An hour or so's drive away are Simpsons Gap and Standley Chasm, breaks in the hills, where ravines clothed in trees and flowers are remarkably at odds with the dustbowl image. The guides can spot kangaroos and exotic fruits and explain how the Aborigines have lived off the scorched earth for 40,000 years. If Alice seems remarkably cosmopolitan, with its Chinese restaurants and Christopher Hogwood appearing at the Arts Centre, in he bush Australia feels like a new-found land.

Antony Thorncroft

CHESS

THE ANNUAL chess festivals in Jersey during May and in Guernsey during October have a reputation for cosmopolitan entries, high-calibre play, and excellent hospitality. Both congresses are sponsored by Lloyds Bank as part of an annual £30,000 programme to back British chess. Jersey's latest, held at the Pomme d'Or Hotel in St Helier, attracted a strong entry of 46 from nine countries.

Joint winners were Erik Teichmann, of Cambridge, and Klaus Berg, of Denmark, with 7½/9, but the ladies took the real honours. Sheila Jackson finished joint third with 6½/9, her best ever result, while four more women totalled 4½/9 or better.

A decisive game from Jersey illustrates inventive strategy as Black against a strong opponent.

Tournament winner Teichmann is able to maintain his two united queen's side pawns supported by active pieces. He forces exchanges, then traps the white rooks by an unusual pin.

White: K. C. Arkell. Black: E. O. M. C. Teichmann. Semi-Slav (Lloyds Bank Jersey 1985).

1 P-Q4,P-Q4; 2 P-QB4,P-K3; 3 N-QB3,P-QB3; 4 N-B3,PxP; 5 P-QR4,B-N5; 6 P-K4.

8 ..BxN; 9 BxB,PxP; 10 P-QN3,B-N2; 11 P-Q5,N-KB3; 12 N-PxP,P-N5; 13 B-N2?

Book — with White's pawn on K3 — is 13 BxN,QxB; 14 Q-R4 ch. N-Q2; 15 N-Q4. Noticing that this now fails to 15...QxN, White improvises a different and inferior plan. Best seems 13 BxN,QxB; 14 P-K5,Q-N3; 15 B-Q3,QxP; 16 R-KN1,Q-R6; 17 RxNP, threatening 18 RxBP.

13 . . . NxKP! 14 BxP, R-N1; 15 B-Q4, PxP; 16 PxP, QxP; 17 R-B1, N-QB3; 18 B-B4, Q-KB4!

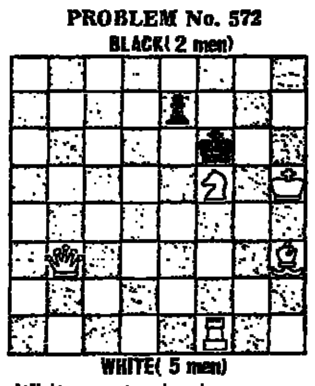
Maintaining his active pieces, and avoiding Q-Q2? 19 B-N5 with counterplay.

19 B-K3, N-B6; 20 Q-Q2, R-Q1; 21 Q-N2, RxP; 22 RxN. A last attempt, but White is effectively a rook down.

22 . . . QxN; 23 B-K2, Q-B3; 24 R-B2, QxQ; 25 RxQ, N-Q5; 26 R-Q2, 26m R-N3; 27 R-B1, NxB; 28 RxN, B-R3; 29 Resigns.

PROBLEM No. 572

BLACK (2 men)



WHITE (5 men)

White mate in two moves, against any defence (by O. Stocchi) — a miniature where White has a wide choice of plausible tries.

Solution Page XVI

Leonard Barden

BRIDGE

PERCENTAGE plays are sometimes obvious, sometimes difficult to fathom. See what you think of my two example hands today. I played the first in a rubber some years ago.

```
          N.
          ♠ A
          ♡ A J 10 5
          ◇ K 10 8 7 4 3
          ♣ Q 6
W.                    E.
♠ J 10 8 7 2          ♠ 6 5 3
♡ 8 6 4               ♡ Q 9 3
◇ 5                   ◇ Q J 6 2
♣ J 9 7 3             ♣ 8 5 2
          S.
          ♠ K Q 9 4
          ♡ K 7 2
          ◇ A 9
          ♣ A K 10 4
```

We were vulnerable when my partner in the North seat dealt and bid one diamond, to which I replied with six no trumps. North was not a great dummy player, which explains the rather unscientific sequence.

West led the spade Knave, dummy's Ace won, and I considered the position for a moment or two. I returned the diamond three, and finessed the nine in hand. As the cards lay, this held the trick, so I cashed the Ace, and made 12 tricks after conceding a diamond to East. Now let us examine my line of play—was it lucky or was it technically correct?

I assumed that West's spade lead was from length — East's three supported that assumption—so West was unlikely to hold length in diamonds. My line wins against any 3—3 break, and against four to Queen and Knave with East, as was the actual case. What happens if West wins with a singleton honour? Believe it or not, West is endplayed. A spade return gives me four spade tricks, a club return gives four club tricks, and a heart "finds" the Queen.

I will not be dishonest and say that I saw all this before I played to trick two—it was rubber bridge, not duplicate. My finesse of the diamond nine was largely a hunch play, but on deeper analysis I found that it had much to recommend it—it was the percentage play.

The second hand, also from rubber bridge, was misplayed by the declarer who failed to spot the percentage play:

```
          N.
          ♠ 9 7 4 2
          ♡ K J
          ◇ 6 4
          ♣ K 10 8 6 4
W.                    E.
♠ Q 3                 ♠ K J 5
♡ 10 9 7              ♡ Q 8 4 3 2
◇ J 9 5 2             ◇ Q 10 3
♣ J 7 3 2             ♣ 9 5
          S.
          ♠ A 10 8 6
          ♡ A 6 5
          ◇ A K 8 7
          ♣ A Q
```

With both sides vulnerable, West dealt, and after three passes South bid two no trumps, North raised to three, and all passed. West led the heart ten, covered by Knave, Queen, and Ace. The shortage of entries to the table put the club suit in jeopardy, and the time factor ruled out spades as a possible alternative.

Realising that clubs must be developed, the declarer cashed Ace and Queen, hoping for either a 3—3 break, or a doubleton Knave. Unfortunately, when he crossed to the heart King and cashed the club King, West turned up with the guarded Knave, and the contract was defeated.

The declarer's analysis was not thorough. He considered the possibility of a doubleton Knave of clubs, but he overlooked the possibility of a doubleton nine. After winning the opening lead, he should cash the club Ace, and then overtake the Queen with dummy's King. When the nine drops from East, his problems are over. He leads the ten, conceding one trick to West's Knave, wins the heart return, and makes his contract with four clubs, one spade, and two tricks in each red suit.

E. P. C. Cotter

HOLIDAYS AND TRAVEL

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Frames and misfortune

THE FIRST London Original Print Fair is to be held at the Royal Academy, Burlington House, in Piccadilly from June 21 to 23. A number of dealers will show prints of all periods, ranging from Old Masters to some costing as little as £50.

But the pleasure of purchase should not stop thought of the morrow. How many of the prints which find new homes at the fair will be condemned to decay in frames knocked up by framers who care nothing for conservation?

Whether a Whistler etching or your certificate for a prize marrow, paper artifacts must be correctly framed to minimise the natural bio-degradability of paper. It is easy to detect the first sign that your prints, drawings and the like, are being destroyed by bad frames. If, as I did, you discover the bevelled edges of the mounts are orange-brown, it is time to act.

I made this depressing discovery thanks to Jane McAusland, a leading expert in the relatively new science of paper-conservation and author of a pamphlet which Sotheby's will be giving purchasers of prints and drawings this autumn.

Framed: Mr Terry Burns

The problem is caused by mounts made of cheap, mechanical wood-pulp paper, probably with backing-boards of the same. Acids are leaching into the prints and will eventually make them yellow and brittle.

Shoddy frames present other perils. The glass may touch the surface, which encourages mould and "foxing"—unsightly brown spots. If there is the smallest gap between glass and moulding, atmospheric pollutants will be at work.

Country-dwellers will discover the curious predilection of "thunder-flies" for mass suicide. They crawl inside and their corpses leave brown stains. Cheap frames are swathed in self-adhesive tape which is damaging and offers inadequate protection.

You may have non-reflecting glass over special favourites, but it causes condensation and really should not be used. Photographs need sulphur-free mounts, but are rarely given them. I watched Jane McAusland in her Suffolk workshop examine a Constable watercolour, badly "cockled" after being taken to an expensive West End framer.

The cause was the hinges, not just clumsily placed but made of self-adhesive tape, a serious mistake. Paper expands and contracts so that hinges must move as well. The correct choice is white, acid-free paper touched with starch-paste or a glue which is not "instant."

"Conservation - framing" is more expensive, but Jane McAusland reckons 70 per cent of her work is caused by bad frames. Since her salvage treatment will cost you a minimum of £50, cheap frames soon look like false economy. Yet ringing five framers in Oxford I found none even stocked acid-free, pure rag papers approved for conservation use.

In certain circumstances, framers can be legally liable for damage they cause, for example, trimming a work or gluing it to the backing. Obviously, it is far better to locate a skilled framer, yet gallery-proprietors show little interest in providing customers with this vital advice.

However, if you are lucky at the London Original Print Fair, help is close at hand. In the very cellars of Burlington House, J. T. Burns runs Academy Framing, part of the Royal Academy Enterprises Ltd. Terry Burns' services are used by leading artists, and he too is an artist in the thought he gives to choosing frames which match, even intensify the message of a picture.

Terry Burns believes wholeheartedly in the framer's duty towards conserving works of art. He finds that customers almost always agree to the more expensive "conservationist" package.

If only more firms would offer the choice. My last framer scoffed at the idea of cosseting a mere Henry Rushbury with acid-free mounts, which "only a Rembrandt needs."

It will not be buying at the Print Fair next week—my reserve picture fund will all have to go on reframing.

Patricia Morison

Gardening

Sculpture: in good company and fine shape

GARDEN sculpture is looking up. That was a conclusion reached at the recent Chelsea Flower Show and it was confirmed by a visit later that week to the Hannah Peeshar open air gallery at the Black and White Cottage, Ockley, Surrey.

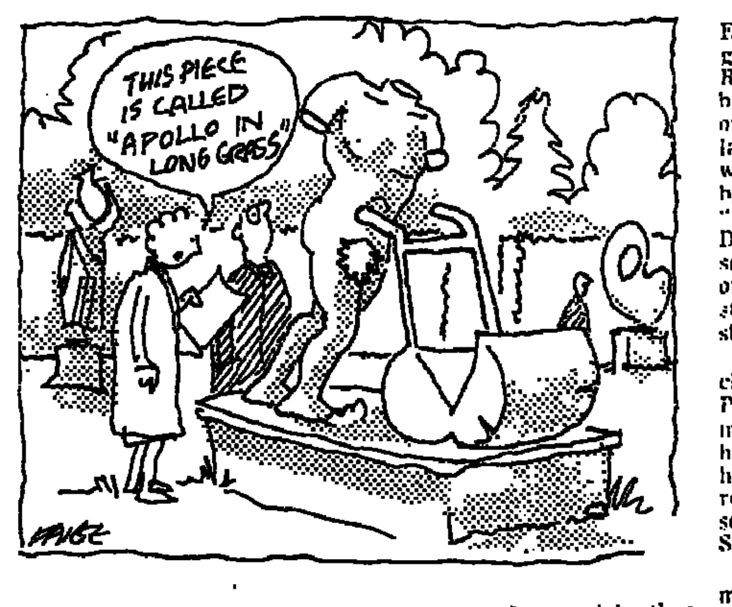
There is far more sculpture at Chelsea than ever before, and much of it was more igaminative and better executed. Nor was it confined to gardens and other exhibits in the open. Sculpture has invaded the marquee. In fact, the best piece of all, in my estimation, was to be seen here—Duncan Johnson's haunting vision of Garden of Eden Turning Point, with Adam, Eve and the serpent carved out of a single column of timber. I presume it was teak, it had taken a lovely high polished finish in several shades of nut brown.

However, it is not so much wood reviving interest in garden sculpture as more weather resistant materials such as resin-bronze, ciment fondu, and liquid stone, as well as real bronze and stone which are far more expensive but appear to find plenty of buyers.

Basically, resin-bronze is powdered bronze mixed with resin which enables it to be cast cold, yet set with a solidity that apparently makes it as durable as pure bronze cast molten in a foundry. Individual sculptors have their own recipes for resin-bronze, each claiming special merits, but there is considerable secrecy about the various formulae. Surfaces can be given finishes similar to those availabe for pure bronze; I find it difficult to distinguish between the two materials without tapping or lifting them. Bronze is far heavier and gives a ringing sound; resin-bronze emits a dull thud.

It seems that anything that can be cast in bronze can equally well be cast in resin-bronze. A good many of the sculptures I saw in Hannah Peschar's beautiful woodland and water garden, made by her landscape architect husband Anthony Paul, were available in either material, with anything between a 300-500 per cent difference in the prices. For instance, "rising Figure" in resin-bronze, £10,500 in by Caroline Stacey costs £3,330. The visual effect is identical.

Liquid stone has existed since the 18th century. The most famous of the early kinds is Coade's lithodipra or Coadtone. The fromula for this has never been rediscovered, but Kett Codestone, which appeared at Chelsea, is the latest addition to these materials. It appears to have some notable advantages, as it can be not only cast, but also moulded and carved. Using it, the artist could rapidly reproduce a basic design and then give each object an individual finish. This seems to widen considerably the posibility of producing reasonably priced sculptures of real quality.



Many of the sculptors using these new materials are limiting their editions to increase the value of the pieces. Marion Smith's Country Sculptures, figures of boys and girls cast in resin-bronze, selling at prices from £1,195 to £2,580, are restricted to 100 copies of each original work.

Hanna Peschar's collection embraces a much wider range of artists and materials than those seen at Chelsea. There is sculpture in natural stone, and and wood. My attention was caught by polished aluminium globes of varing size, half submerged in a dark pool, which reflected them. They looked marvellous, but I have no idea how they would weather, and Hannah seemed equally uncertain. Her own favourite is "Sorceress" by Peter Randall-Page; a tall slab of Carrera marble rough-hewn on the face, with subtly spiralling edges like the leaves of Iris ochroleuca.

I was amused by "Hanging Eagle," made of wood and fibreglass by a young sculptor, Robert Jakes; and also by a bat-eared "Narcissus" gloating over his ugly reflection in the lake. For my own garden I would have chosen "Messenger" by Mary Spencer-Watson, and "Umbrella Girl" by Nenne van Dijk. I liked the way the messenger appeared to be bursting out of a block of Purbeck stone, the clasp of his cloak strained across his throat by the

I also admired a handsome climbing frame — "Ladder People," by Christine Fox—made of polished afromosia hardwood; and a lifesize white horse in ciment fondu which reminded me of similar horses seen in the woods at Mount Stewart in Northern Ireland.

Garden sculpture is commonly used to create focal points in the design. A more subtle approach, less likely to result in boredom from over familiarity, is partially to conceal each object so that it is discovered when the garden is explored. Both ideas can be studied in the Hannah Peschar gallery, which is open until October 31 on Friday and Saturdays from 11 am to 6 pm, on Sundays from 2 pm to 5 pm, and no Tuesdays and Thursdays by appointment.

Arthur Hellyer

Cooking

Summer lunch with the birds and the bees

SOME of the best and most effortless lunch dishes come from the Mediterranean. Think of salad Nicoise laced with anchovies and croutons of garlic bread, and of Greek tomato and feta cheese salad, spicily scented with oregano and thyme, and drizzled with fruity green olive oil.

I have glorious memories of meals built round dishes like these—eating, drinking and talking long into lazy afternoons, with plenty of rough wine, good bread, ripe figs and watermelon to reach for.

Recruiting such colourful feasts at home is feasible but atmospherics do not travel easily. The perfect fusion of such foods and the Mediterranean holiday mood seems to depend on sizzling weather. Occasionally, our watercolour sky deepens to cobalt blue and the cool English demeanour melts to indulgent languor—but heatwaves are rare in Britain.

Pale, sun-dappled shade is the norm here, and its gentleness is better matched by more restrained, quietly elegant menus. Green clipped lawns and soft-scented roses provide a natural setting for delicately flavoured foods such as cucumber and chicken. Add strawberries and cream, icy Pimms with a flotilla of borage, plus the distant bumble of bees, and you have the perfect English summer lunch in the garden.

ENGLISH GARDEN SALAD

This looks prettiest in a shallow dish rather than in a deep salad bowl. Alter proportions and substitute ingredients depending on what is currently freshest and best. When asparagus is over, I often include baby French beans, and I sometimes replace the chicken with prawns. Serves six.

1 Cos or Butterhead lettuce, a small handful of tender young spinach leaves (or a punnet of salad cress); 1-1½ lb asparagus; ½-¾ cucumber; 4-6oz fresh or frozen young peas; 4 small chicken breast portions; 3 thick slices bread; 3 hard-boiled eggs; ½ pt thick cream; fresh dill, mint, parsley, chives and tarragon; olive oil and wine vinegar.

Poach the chicken breasts until just tender. Cool, skin and bone them. Cut the flesh into strips, put them into a bowl and season with a little salt and pepper. Add two tablespoons of each of the five chopped fresh herbs, a spoonful or two of olive oil and a few drops of vinegar. Toss gently, cover and set aside in a cool place—not the refrigerator.

Dice the bread, fry it in olive oil until golden, drain well and allow to become cold. Steam-boil the asparagus and dry it carefully in a clean napkin. The peas should be sufficiently young and tender to eat raw (frozen petits pois do not need cooking—simply defrost them).

Separate the yolks and the whites of the hard-boiled eggs. Chop the whites and reserve them. Pound the yolks to a paste with some salt and pepper and 3-4 tablespoons cream. Carefully and slowly beat in three tablespoons olive oil, then 1½ tablespoons vinegar, then the rest of the cream. Check seasoning and add extra cream, olive oil or vinegar to taste.

Lay the lettuce and spinach leaves in a shallow dish. Arrange the asparagus, chicken, sliced cucumber, chopped egg whites and peas on top, scattering them prettily here and there, and garnish with the croutons of fried bread. Serve the sauce separately, in a small bowl, so that people can help themselves.

COURGETTE GRATIN

Real York ham, its knuckle bone decorated with a giant cutlet frill, set on a traditional ham stand and carved in front of your very eyes, is a reassuring treat in these days when so much so-called ham is a totally debased product. Good ham deserves to be accompanied by freshly-made mustard and a delicate vegetable gratin such as this. Serves 4-6.

1½ lb courgettes; 1 egg; ¼ pt whipping cream; scant 1 oz freshly grated Parmesan cheese; fresh basil (if available); salt, pepper, caster sugar and tarragon vinegar.

Top and tail the courgettes but do not peel them. Grate them coarsely into a bowl. Add 1 teaspoon each salt and caster sugar and 2 teaspoons tarragon vinegar. Toss lightly and leave for half an hour or so to draw off some of the moisture from the courgettes. Drain well in a sieve then squeeze firmly dry with your hands.

Put the by now rather compressed courgette gratings into a shallow, lightly buttered gratin dish and "fluff" them with a fork.

Lightly beat together the egg, whipping cream and Parmesan cheese. Season well with pepper and a little salt and add a few freshly torn basil leaves if available. Pour the mixture over the courgettes and bake at 400 F (200 C) gas mark 6 for about 20 minutes until the mixture is just set but still a little creamy in the centre.

Philippa Davenport

Education

Life on the examination treadmill

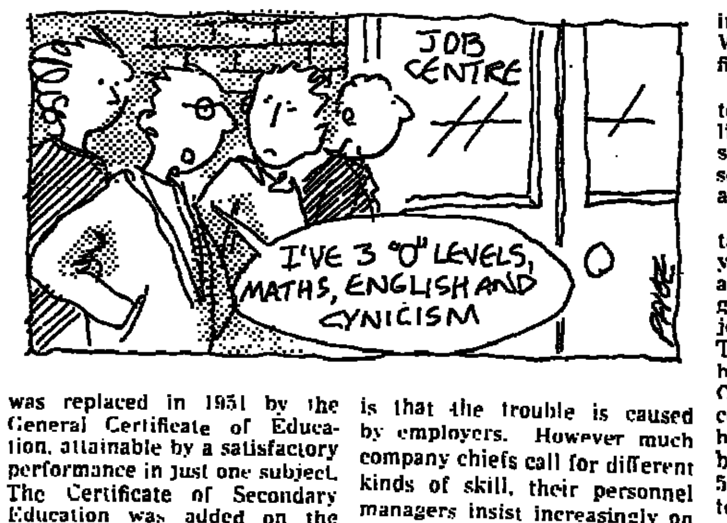
PARENTS nursing their teenagers through this summer's examinations have every reason to feel anxious. Never before have young people's life prospects depended so much on good results in tests such as Advanced levels, Ordinary levels and the Certificate of Secondary Education.

Whether these public exams really are necessary is a totally different question. Comparable other countries manage well without burdening the majority of children with trials of their knowledge of academic subjects, set and graded by bodies outside the schools.

Take West Germany which, apart from an exam geared specifically to entry to higher education, leaves older pupils' attainments mainly to be assessed by their teachers. Teenagers of a less academic turn of mind seem to have a far higher proficiency in mathematics, at least, than that of their counterparts in this country.

Britain's peculiar obsession with public school-leaving examinations began apparently with a four-day event in Exeter in 1857, staged by the Bath and West of England Society for the Encouragement of Agriculture, Arts, Manufactures and Commerce. Oxford and Cambridge both held formal entrance exams the following year. They then set up joint tests, and groups of newer universities followed suit.

In England and Wales—Scotland has separate arrangements—the varied prototypes merged loosely into the School Certificate, awarded only for passes in a range of subjects including English language and maths. It was replaced in 1951 by the General Certificate of Education, attainable by a satisfactory performance in just one subject. The Certificate of Secondary Education was added on the same pattern 14 years later as a test for less scholarly 16-year-olds. It is to be merged with GCE Ordinary levels in 1988 to form a single 16-plus system called the General Certificate of Secondary Education (GCSE).



Further extension of the academic paper-chase is planned soon in the shape of supplementary exams at 17-plus. But most schoolteachers evidently feel that public examinations already have a damaging effect on the schooling of the majority of children whose intelligences run mainly in directions other than the academic.

Sir Keith Joseph, the Education Secretary, and the state's educational inspectorate also feel that pressure to get pupils through exams leads schools to neglect developing skills not subject to examination.

The consensus among teachers is that the trouble is caused by employers. However much company chiefs call for different kinds of skill, their personnel managers insist increasingly on academic exam pass grades as a pre-condition of considering young job applicants seriously. They seem deaf to the repeated protests of educators that the 16- and 18-plus tests are poor predictors of performance, not only in practical jobs but also in the degree examinations of universities and polytechnics.

The reason might be that the grades awarded at 16- and 18-plus mostly are not decided by firm yardsticks of what entrants know, understand and can do, but primarily by the statistical assumption that each particular grade will be deserved by a pre-ordained percentage of the candidates, regardles of how many enter. Consequently, the absolute levels of knowledge and skill represented by any given grade are liable to vary over time, from subject to subject, and among the 20 different examining boards in England and Wales (soon to be merged into five).

Sir Keith believes the key to his whole education policy lies in changing the grading system — at 16-plus, at least — so that it reflects absolute attainments more closely.

When the combined GCSE takes over in 1988, some firm yardsticks will be laid *down* at two important points of the grading structure in most subjects attracting mass entries. The points are the present border between C and D in Ordinary levels, which is taken commonly as the boundary between pass and fail; and the border between grades 4 and 5 in CSE, which is assumed to denote average performance.

Meanwhile, the Secondary Examinations Council is trying to set up more detailed measures so that, at a later date, firm yardsticks can be used to decide all the grades in 10 mass-entry subjects. Unfortunately, for various technical reasons, it remains uncertain that an exam system founded on absolute attainments can be engineered soundly.

Even if it can, the revised gradings are unlikely to be better predictors of success in most jobs, including those using new technology. The only cure for the damaging effects of the exam obsession, therefore, seems to be for personnel managers to stop recruiting young people largely by criteria that are, at best, irrelevant. Until then, every child's best bet is to strain every brain cell and pass.

Michael Dixon

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Better to travel hopefully than to unpack

Lucia van der Post

HOW TO SPEND IT

EVERYBODY knows that the best luggage is old luggage. The bag that looks as if it has seen a trip on the Orient-Express (the first one, of course), crossed an ocean or two, or been dropped in an African river by a bearer dodging the crocodiles, has a certain sort of cachet. This sort of thing is hard to fake, though I daresay it is but a matter of time before a simulated battered look will be provided by some manufacturer with an eye to the main chance.

Just as everybody knows that the best luggage is old luggae, so everybody knows that you don't buy it for its practicality. You have only to visit the Vuitton exhibition currently on at the Victoria and Albert museum to realise that these sumptuously fitted classic pieces were made for the grand leisured days when nobody who owned the baggage ever carried it. Not for them the need to make a quick dash from the carousel to the head of the taxi queue—they'd never have made it — instead a leisured procession from carriage to steamer or railway carriage, all at an orderly pace, with plenty of time to spare.

Nonetheless, one beautifully battered case, or perhaps a briefcase or a Gladstone bag, can add an air of luxe to your travelling style. Shops like Mansfield at 30-35 Drury Lane, London WC2, or Hackett, 65c, New Kings Road, London SW6, always have some second-hand luggage, but if you keep an eye open at market stalls and in antique shops you may well come across the very thing.

On the whole, though, travelling light is the thing. Today's travel bore doesn't drone on about the grandeur of his luggage but about how far he travelled with nothing but an overnight case. Sometimes, ti is actually true. I remember vividly the impeccably turned-out fashion editor with whom I travelled to Italy once—she took nothing more than one squashy roll-bag (rolled clothes, she maintained, creased less than folded ones) which she carried on and off planes herself. After Italy she and it set off round the world.

If this leaves you feeling inadequate, rest assured, it does the same to me. It requires powers of decision-making I have never been able to muster —how, after all, can you be sure that when you get to San Fransisco you won't be sick to death of your sensibly co-ordinated navy and white and long for a mad dash of scarlet?

Anybody who can muster the discipline to make sensible lists about what they really need (which is where the successful journey begins) should have no problem nowadays finding the right container to put it in. The main choices lie between the soft and hard schools of thought. Soft are on the whole lighter, easier to carry but more liable to damage, both of the container itself and its contents. Hard-edged luggage is sturdier, heavier and often lethal to the shins—but it does protect the contents better. Also if you belong to the school of packing that has only to see a vacuum to fill it, hard luggage survives this treatment rather longer.

Of the soft-sided luggage, much the nicest I have seen recently is the Mandarin Duck range which is made from heavy canvas and has rubber bumpers which makes it sturdier than most. There is quite a variety to choose from with possibly the sports bag (sketched here) which has a compartment for tennis racket and balls being the most interesting although ardent walkers might like to know that there is also one of the nicest rucksacks I have seen (it has detachable pockets).

Aluminium suitcases still seem to be popular in certain quarters and the square small one (sketched here) rather like a camera-case is much in favour as an alternative overnight case.

For those tempted by gadgets there is an ever-ending proliferation to ease the traveller's plight. Some are more useful than others.

High on my list of essentials are adaptors to enable one to use hair-dryers, irons, et al, when travelling. Go Travel Aids have brought out a new, easy to use version for use on the continent—it features two round pins (to plug into the electric source) on one side and three square pins on the other, so there is no need to fiddle about changing pins, you simply plug it in. Buy it for £2.50 from Fenwick of Bond Street, London W1.

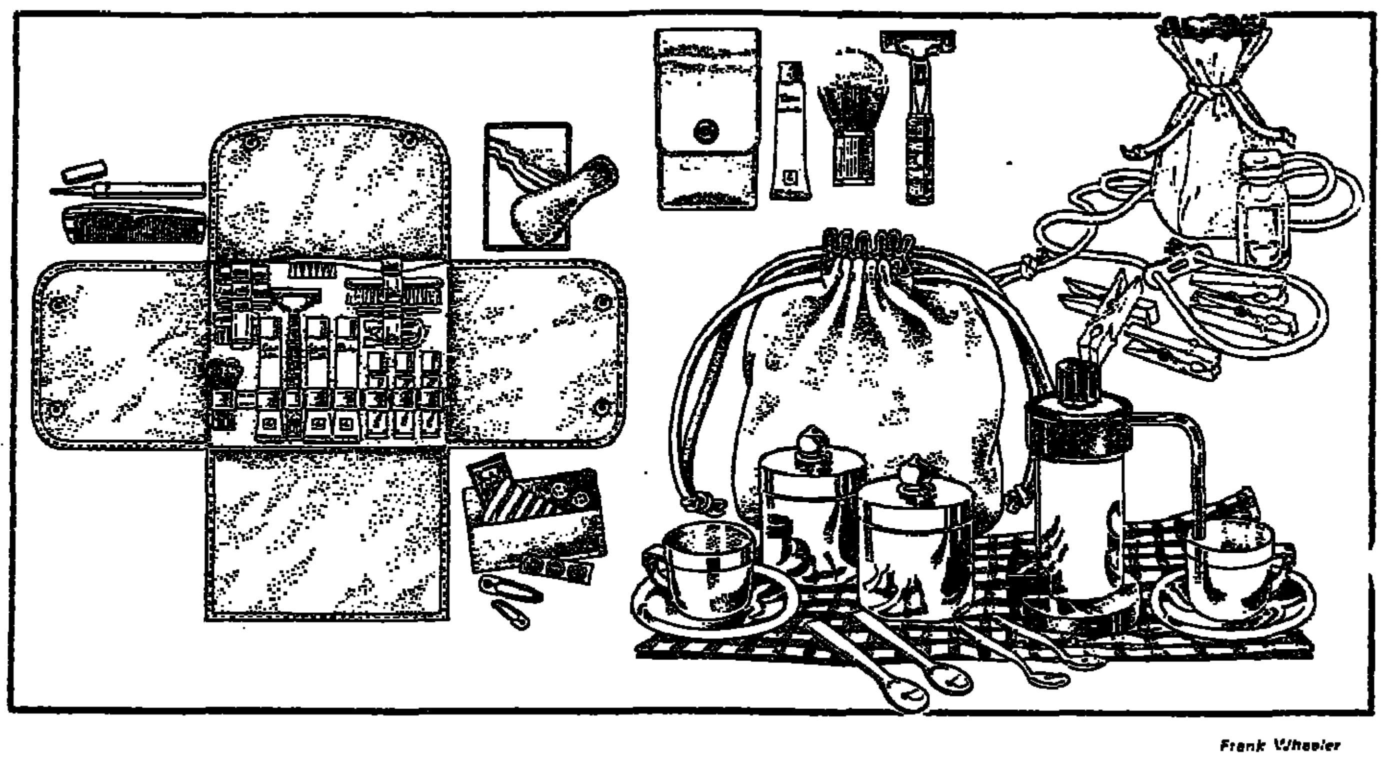
Ever since a wonderfully rewarding but somewhat spartan trip to Tanzania I have thought about lighting in a new way (we frequently found hotel rooms short of light bulbs). The Flexilite, a miniature battery-run light which takes up little room and almost no weight, is the perfect answer for those who can't be sure of electricity or light-bulbs. £2.75, also from Fenwick.

There is a big collection of miniature travelling toothbrushes on the market—everything from one-off throwaway versions to a sweet little fold-up version with tiny tubes of toothpaste costing £2.35 from Graham & Green of 4 & 7 Elgin Crescent, London, W.11.

The most versatile, though not the lightest, of travelling irons, is the Sisan—you don't need a table or an ironing-board as it bellows steam out at the offending item, thus dissolving the creases. £12.95, from Selfridges of Oxford Street, London, W.1.

For carrying home all those things you'd somehow be crazy not to buy, the Totes duffle bag seems like a good buy—it starts out as a compact, small little cushion but can be unzipped to transform itself into a capacious shoulder-bag. £9.99 from Selfridges.

Sketched elsewhere here are just some of the travelling aids that might solve some of your problems some of the time.



Frank Wheeler

First class chic

FOR THOSE who take their travelling lives seriously the most luxurious, the most sumptuously desirable of small travelling aids that I have come across come from the old-established Milanese company of Lorenzi (if in Milan don't miss the chance to visit their shop in the Via Napoleone). The prices at first sight (and frequently at fourth and fifth sight) may seem very high but I can only say that the quality of the leather and the refinement of the workmanship do put them in a class of their own. Needless to say, any or all of them would make splendid presents, particularly for the rather picky sort of man whose wants are few but of the very best.

Sketched above left, is a soft black leather wallet, measuring some 7 in by 8 in. Inside is everything the meticulously groomed man could desire — a toothbrush with a fine bone handle, teak-backed nail and clothes brushes, stainless steel razor and blade containers, nail clippers, fold-up scissors and tweezers, a small mirror, shoe horn, thermometer, sewing kit, small tubes of shaving cream, soap and toothpaste and 3 small bottles for his own after-shave, cologne or whatever. £175 (p+p £2).

Bottom, centre, for the coffee afficionado, a beautifully worked leather pouch in brown only, which holds a mini-percolator as well as two coffee cups and saucers, 2 horn teaspoons, 2 linen brown and white checked napkins, 2 metal spoons and 2 stainless steel containers for holding sugar and coffee. The percolator is multi-voltage and 9 in high. £325 (p+p £5).

Top centre, a tiny (2 in by 3½ in) shaving set in its own neat brown leather case. Miniscule razor and brush (with badger bristles) and a tube of shaving cream. £80. (p+p £2).

Right, another tiny travelling aid—a small (3¾ in high) brown leather pouch with a clothes line, a set of pegs and a jar of washing liquid. £25 (p+p £2).

The Lorenzi designs are imported exclusively by Browns of 23 South Molton Street, London W1.

Celia Baker

●

WHEN it comes to clothes, fashion is momentarily on the side of the inexpert packer—the crumpled look is in, largely because it is natural fabrics that crease the most, and it is a sign that it must be linen/silk/cotton if you can see the creases.

I have to add, though, a word of warning—you and I may know that the crumpled look is in but not all head waiters can be relied upon to have got the message—a fashion editor I know was refused admittance to the dining-room of the Ritz Hotel in Madrid becaus her Katharine Hamnett silk shirt, properly crumpled in the authentic way, didn't pass his sartorial standards.

Sketched left is a set of 100 per cent silk separates which not only look delicious but could be rolled into as small a ball as you like and emerge looking just the way you bought them. By English Eccentric, the top comes in a wide range of colours, including a particularly attractive marine blue, and costs £27. The culottes are flatteringly cut to look like a rather glamorous skirt and come in a variety of colours or patterns (to go with the blue top we liked a beige and blue patterned fabric) and cost £113 from ICE in St Christopher's Place, London W1, Joseph of 6 Sloane Street, London SW1, Cue of 6 Heathcote Street, Nottingham, Cruise of 39 Renfield Street, Glasgow and Paradise Garage of 3a The Haymarket, Bristol.

Far left, the man's suit is made of a cotton and polyester, and though not in itself a garment of great beauty its chief claim to fame is that it is completely washable and needs no ironing. Perfect for those going to the tropics and wanting to make do with just one suit.

There is a choice of brown, beige or grey colourways and it costs £230 (p+p £3) from Grey Flannel, 7 Chiltern Street, London W1.

●

Michael Holman, the Financial Times Africa Editor, has spent years of his professional life packing and unpacking his suitcases. He advises readers how to put together an all-purpose wardrobe, how to avoid last-minute panics over lost tickets, and how to make anonymous hotel bedrooms feel like home

EYESHADES and Badedas, nailclippers and penknife, Duracell torch and Lomotil, mosquito repellent and paperclips, Vitamin C and a pack of cards ... it is the trivia and not the expensive gadgets that contribute to my comfort and peace of mind as I travel around Africa—though I bless Sony's contribution: a tape player with headphones and tiny but powerful extra speakers, and a five-band shortwave radio half the size of a paperback.

But it's the trivia that can make a difference to my day. A teaspoon (courtesy of Swissair) which turns an avocado pear bought at a roadside stall into a meal and not a mess; half a dozen wet-tissue cachets which can make it possible to eat a mango on a bus and not feel sticky for the rest of the day; a toilet roll; a box of matches and a decent cigar (Davidoff No 2); dark glasses (Polaroid); business cards, which in some countries seem to carry almost as much weight as a passport; a sewing kit (from my Inter-continental Hotel room); a corkscrew ...

Perhaps it is a reflection of the part of the world I have been travelling in for the past 15 years. Most flights are straightforward, most hotels I stay in are comfortable, and in most cities the utilities work (and I've never been mugged). But often enough that is not the case.

Along with the trivia go the rituals: the sequence of packing and giving each item its allotted place; and the mental checklist of the essentials (passport, ticket, contact book and credit cards stashed in a black wrist bag I bought in Mozambique 10 years ago). Then the round-up of the luggage at each critical point: on departure, in the taxi, at the airport, in the hotel lobby. It may sound mentally exhausting but it's now second nature and reassuring.

I do not travel with smart suitcases or fashionable shoulder bags. I believe they attract thieves. I also believe that the first principle of baggage management is that you should be able to carry what you pack, at least for that critical journey between the customs hall and the taxi.

So I limit myself to three pieces: a stout green canvas bag which I've had for years, made in Nairobi, with a rolled-up silk bag tucked into the corner for use in emergencies; an Olivetti Lettera 32 typewriter (made in the days when Olivetti provided a decent case and not the cheap plastic box they give you today); and a shoulder bag bought from Scotcade for £10 with three extra pockets sewn on. It is light, durable, accepted by the airlines as hand luggage and if necessary can carry everything I need, which includes:

● An Olympus XA camera which provides good quality snapshots—no more than what I aspire to, and can fit into my shirt pocket;

● Sony stereo cassette player (TCS 300—the latest model is the TCS 350) with Audiotechna folding headphones in their own case (ATH 02F — even smaller are Sony's Fontopis earpieces, MDR 242). A Sony Walkman is much smaller and lighter but it does not have the recording facility I need for my work; and extra speakers the size of a cigarette pack (Sony SRS 20. The SRS 20 and SRS 50 are bigger but the sound quality is much better and I will make the switch next time I pass through Schipol). My spare taperecorder is the minute Sony Micro cassette M400.

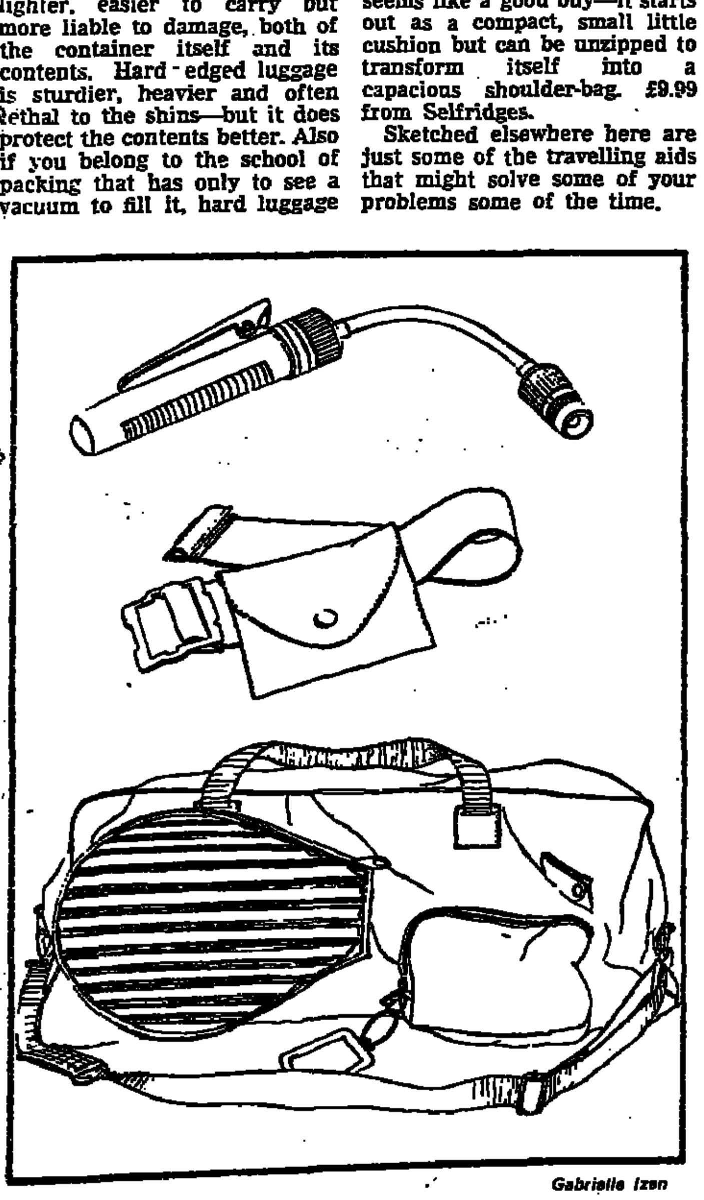
● My combination alarm clock and calculator is made by Sharp (EL450);

● The radio is the model ICR 4800 but I have my eye on Sony's latest in the range which is the same size but with nine wavebands instead of five, and FM (ICF4900).

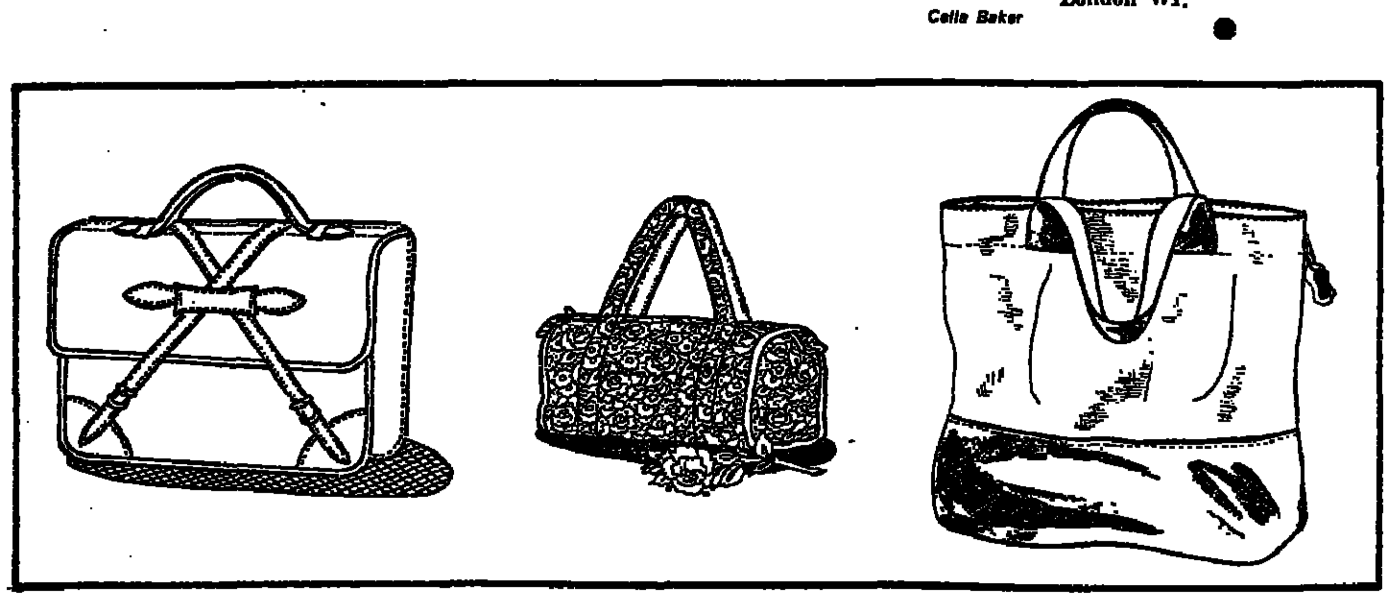
● Clothes: a lightweight cotton/polyester suit from Airey and Wheeler (Regent Street, about £75) lasts me a year, and when it comes to the end of its life I leave it behind (for some reason this usually happens in Lagos) with something of the same satisfaction that a snake must feel on shedding its skin knowing that a new one is on its way. It can be washed in the hotel bath (my trivia includes a tube of concentrate detergent), left to dry overnight and worn off the hanger. My shirts are blue cotton (Mr Kika of Harare). They *do* need ironing but since I'm usually in hotels that's no problem. A pair of jeans; a pair of shorts; a pair of what in Zimbabwe would be called "tackies" — the most basic of tennis shoes which cost a couple of pounds and are quite as comfortable as the padded, moulded, and brand-name bedecked rivals which cost a fortune. It's a stark choice of attire—suit, jeans or shorts—but it meets most occasions. At my smartest the outfit is sometime topped by a trilby which I'm very fond of (Lock & Co. St James Street). I would take it more often but I'm terrified that I would lose it. That would be nearly as demoralising as losing my contact book, but at least a photocopy of that is kept in London.

● Medicines and vaccinations: I bore my colleagues on this subject. I urge them to have rabies vaccination (painless, two jabs, annual booster). It may not give full protection but you have a fighting chance if, unbeknownst to you, that friendly puppy in Kinshasa cité turned out to be rabid. Yellow Fever is, of course, an essential vaccination but I am deeply sceptical about the benefits of a cholera vaccination, which often provokes an uncomfortable reaction, has very limited effect and needs to be repeated every six months. One veteran traveller I know has made his own stamp, and Dr Ndau of the Douala medical clinic has many satisfied customers. I have a touching belief that a daily gram of Vitamin C keeps colds at bay while I'm on the road, and I never drink the tap water unless first treated with Puritabs—which so far have made my Lomotil supplies (which require a prescription) unnecessary.

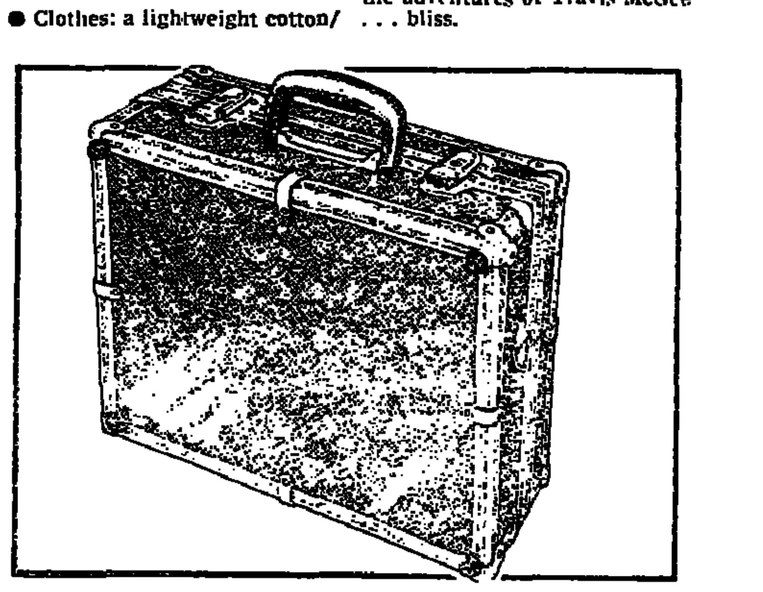
And when I reach my destination and the porter hands me the key to my room another set of rituals begin. The Sony and the speakers are set up with a catholic selection of tapes ranging from Don Williams to Verdi; my travelling backgammon board is set out; the flowers which will make the room less impersonal are ordered; the bedside mounted photograph put in place; typewriter and paperclips and fluorescent marker pens are lined up; Puritabs and Vitamin C and Lomotil stand shoulder to shoulder in the medicine cabinet; the BBC world service is tuned to my patch; and as the cold beer arrives from room service I squirt Badedas into my bath and begin John D. MacDonald's latest account of the adventures of Travis McGee ... bliss.



Gabrielle Izen



Drawings by Anne Morrow and Julia Findlay



Peter North

ABOVE, from top to bottom. A small clip light which runs on two UM3 batteries. It gives a light bright enough to clip it onto a car bonnet for emergency maintenance work, night map reading in the car or, in an emergency, to read by should your hotel be short of light bulbs. £2.75 (p+p £1) from Fenwick of Bond Street, London W1.

Those of a sensible or timorous turn of mind do not believe in wandering round certain parts of some cities wearing either any jewellery or a conspicuous handbag—the answer to the money-carrying problem could be the purse belt. In white, red, navy, black of royal blue stretch canvas and leather, this one is £12.95 from Fenwick of Bond Street, London W1. Add £1 p + p.

Mandarin Duck black heavy duty canvas and rubber carry-all. £120. This version has a compartment for tennis racket and balls but there are also attache cases, pilot bags and overnight bags in this tough, resistant fabric. Buy from Astrohome, 47-49 Neal Street, London WC2.

Tote 'em poll

THERE IS a school of thought that believes the luggage you carry reveals volumes about your personality. This is the kind of thinking that those of us who struggle up gangways clutching carrier bags about to burst can do without. However, it has to be admitted carrier bags do have several great failings—they never last, they often split (I lost my nicest pen this way) and nobody could claim they are pretty.

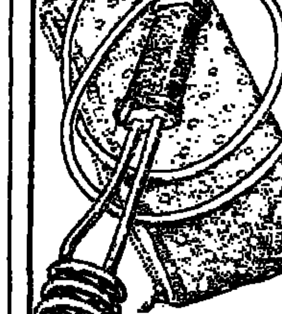
So for those who need something capacious in which to stow their inflight travelling essentials here are three solutions, all of them more attractive, more practical than the ubiquitous carrier bag.

Left, one of the least aggressive-looking briefcases I've seen. The usual hard edges have here been given a softer look which, I think, works well. In black or brown all leather, these brief cases are available at all Next for Men shops, 45 cm long by 34 cm high, they are £59.99.

Centre, larger than most handbags but not as large as a briefcase, is this prettily patterned shoulder bag from Sanderson of 52 Berners Street, London W1. Made from 100 per cent floral cotton, it comes in two sizes, 36 cms long by 18 cm wide (£29.95) and 50 cm long by 22 cm wide (£39.95). The cotton is washable and those not within visiting distance of Sanderson can buy it by mail for £2 p+p.

Right, Nicole Farhi, the clever designer behind much of the Stephen Marks success, has designed a range of accessories which are on sale at the Nicole Farhi shop at 25/26, St Christopher's Place, London W1. This chic carry-all in beige or navy canvas trimmed with tan leather, is 22 in wide by 19 in high and sells for £63.

● Readers searching for made-to-order mirrors will note that we inadvertently gave the wrong number last week for Robert Lipfriend. The number is 01-883 4420.



ABOVE: Astrohome also has a collection of smart aluminium luggage which has the great advantage that it is almost indestructible. This design, modelled on the shape of a traditional camera case, could make you look like a photographer, but it is actually very practical. £45 for the size 37.5 cm by 30 cm by 14 cm.

Left: for those for whom travel without regular infusions of tea or coffee would be unthinkable there is the portable immersion heater. It works on 220 volts or 350 watts and costs £5.50 (p+p £1) from Fenwick of Bond Street, London W1.

Sarajevo to monetarism—taking a nation's pulse

THE ORIGINS OF THE FIRST WORLD WAR
by James Joll.
Longman £5.95 228 pages.

THE CONSERVATIVE PARTY FROM PEEL TO THATCHER
by Robert Blake.
Methuen £19.95; Fontana (paperback) £3.95 401 pages

THATCHER THE FIRST TERM
by Patrick Cosgrave.
The Bodley Head £9.95 240 pages.

PARTY STRATEGIES IN BRITAIN: A STUDY OF THE 1984 EUROPEAN ELECTIONS
by David Butler and Paul Jowett.
Macmillan £25.00 171 pages.

BRITAIN AT THE POLLS, 1983
Edited by Austin Ranney.
Duke University Press £23.75 (paperback £14.25).
227 pages.

THERE IS a passage in Professor Joll's *Origins of the First World War* which is worth quoting at length for it is central to the writing of contemporary history, and indeed to journalism:

> The attraction of a Marxist theory of history [he writes] is that it appears to offer an explanation for a very wide *range of phenomena* in terms of a comparatively small number of basic factors. The importance of Marxism for *non-Marxist historians* is obvious; and it has changed fundamentally and irreversibly the kind of questions which historians ask. *What it does not always do is to supply the answers.* (My italics).

Joll goes on to suggest, though unfortunately he does not elaborate, that perhaps this means that we have to reconcile ourselves to a kind of "two-tier history":

> On the one hand there is *the broad lines of social and* economic development, of demographic change or of the even longer term effects of differences in the climate and other aspects of the environment. Some of these can be analysed in terms of scientific laws and so form the basis for predictions about the future. In changes of *this kind* even so revolutionary development as the First World War is only a minor episode, a small irregularity on the graph.
>
> On the other hand there *is the world in which the* decisions of individual leaders, whatever their origins, can affect the lives and happiness of millions and change the course of history for decades.

That *concept of two-tier* history is especially relevant today when it is sometimes said that the national mood is changing from that which brought Mrs Thatcher and her particular brand of Conservatism *into power in 1979*. How does one measure such a shift? By the unemployment figures and the rest of the economic indicators, *by the opinion polls*, by talking to the people concerned and having some knowledge of the past, or by a judicious mixture of the lot? In any case, how do you define "judicious" in that context and who relates to whom? Do the media influence the public and then the politicians, or is it any other way round? Nobody really knows the answer, which is why the writing of contemporary history is so difficult.

Lord Blake at least understands the question. His views have not really changed since extending *The Conservative Party from Peel to Churchill to from Peel to Thatcher.* He thinks politics — successful politics — is about capturing the spirit of the age: no more, *no less.*

In the 1820s, he writes, it was by no means self-evident which of the two parties would invest in the mood for reform, though it was clear that reform would have to come if a social explosion was to be avoided. "The accident of personalities ensured that it would not be the Tories."

He adds:

> "There is nothing discreditable in being against the spirit of the age. Indeed if one is against it long enough one may suddenly find oneself on its side; the spirit of the age does not last for ever. The progressives of any particular generation are often conceited, doctrinaire, *blinkered and intolerant.*"

As an historian Lord Blake has rightly not yet made up his mind about Mrs Thatcher. His distinction is to take the long view and to note how the pendulum swings. For example, the *trend to social democracy in the* Labour Party began with Gaitskell. It might have been better, he suggests, if Labour had lost the General Election in 1964 under Harold Wilson so that the *re-alignment* of British politics could have been accelerated. As it is, it is still going on 20 years later. Equally, the Tories started to win the *intellectual* argument in the 1970s and were therefore steadily on their way back to power. Lord Blake hints, though he does not say, that they might be beginning to lose it now, or at least be against the spirit of the age.

It is a pity that other contemporary historians do not have his sweep and grasp. Patrick Cosgrave's new book on Mrs Thatcher is largely hagiography and is frequently inaccurate. It gives a quite wrong account of the Prime Minister's decision to send Mr James Prior to Northern Ireland — as if it had been taken one afternoon when, in fact, it had been discussed all summer. The American contribution to East-West détente did not come from President Carter, as claimed here, but from Presidents Nixon and Ford. It must be an embarrassment to spell *communautaire* "communitaire," especially if you are holding forth on European policy.

Something has gone wrong, too, with the Nuffield studies which used to set the standards for how academics covered British elections. The statistics are still there, perhaps more than ever, but one begins to wonder if the texts are any longer edited. Perhaps it was a misprint to say that on October 1, 1981 "the Labour Conference *voted* by 5.8m to 1.1m for withdrawal from the (European) Community with a referendum." But it is quite a serious one for an academic book. What the Party actually voted to do was to withdraw *without* a referendum.

There are some other peculiarities. It is very hard to accept in 1985 that the timing of the 1983 general election and the preparation of the Tory manifesto were a triumph. To be sure, the Tories won hands down, but it was the inadequate and rushed nature of the manifesto that has been giving trouble ever since. None of that is remotely discussed in any of the books here under review.

The election studies by the American Enterprise Institute, though largely written by British authors, are now better than those of Nuffield. Even here, however, there is curious lack of feel for the personalities and accidents of history involved. At one stage, for instance, Mr Peter Shore seemed poised to become leader of the Labour Party, although he told me afterwards that he expected to lose to Mr Denis Healey. In the end he did badly because Mr *Michael* Foot entered the race, but none of that gets into the historical record.

Still, the American book has the virtue of being well-written. There is an extremely good final chapter by Ivor Crewe of which Lord Blake would approve. "Nothing about a trend," Crewe concludes, "guarantees its continuation. Throughout this century parliamentary landslides at one election have been reversed at the next . . . Indeed, reversals are the norm: only once this century, in 1935, has a single party government with a 100 plus majority been re-endorsed with a workable majority at the following election."

Malcolm Rutherford

Oskar Kokoschka's cover-design for "Die Traeumenden Knaben (The Dreaming Youths)" in 1908. It is one of more than 100 plates in "From Manet to Hockney: Modern Artists' Illustrated Books" published by the Victoria & Albert Museum (£30.00 cased, or £14.95 limp) to reveal the richness of its collection in this neglected field

Fiction

Parallel lives often meet

WATCHING MRS GORDON, AND OTHER STORIES
by Ronald Frame. Bodley Head, £8.95. 181 pages.

WHY TILBURY?
by David Batchelor. Jonathan Cape, £8.95. 160 pages.

SNOW BLIND
by Cherry Smith. Jonathan Cape, £8.95. 165 pages.

RONALD FRAME'S *Winter Journey* was joint winner of the first Betty Trask award and since Miss Trask was a romantic novelist the prize-winner might be thought likely to be romantic too. Not so. Any "non-experimental" novel qualifies. But the laurels perhaps weigh heavily on a winner who, like Frame, happens to be non-romantic, and the stories in *Watching Mrs Gordon* show how totally unlike the image of a Trask prizewinner he is.

For one thing, their literary quality is high. For another, they deal almost entirely with the loneliness of the human *condition*, the impossibility of ever fusing, as romantic fiction does, two people in love, of dissolving differences and incompatibilities in the heat of passion. At this loneliness Frame looks stoically, with compassion but without softness. Even those living side by side—married people, couples in love, siblings considered "*close*" by *outsiders*—have parallel lives, each unknown to the other.

The homosexual husband, the wife who may have killed her parents in a peculiarly horrible way, the sister who, 50 years later, is discovered to have been the object of her brother-in-law's love, the two elderly spinsters who have invented *backgrounds* to pass the sad hours and impress each other: these are his typical characters, and even suspicion is often unconfirmed, because *the one who* suspects is afraid to confirm it.

Is Hilary unfaithful? Has her husband really seen the strange car parked outside, the strange face at the window? Unable to endure it, he drives on. Did the film producer really try to murder his young mistress for the publicity it would generate? Did American Aunt Stella have an affair with the 11-year-old's father, or was it just her ebullience and his timid attraction that made it seem so?

The questions are part of stories' structure, not always explicit and scarcely ever answered, subtly suggesting *much* else: the underlying violence of living and feeling, private despair, unspoken knowledge, guilt, attraction, every *kind of social awkwardness (on* class feeling Frame is always good, and never trivial).

Why Tilbury? by David Batchelor is written with charm and verve, a likeable book. An oddity, too; allusive, teasing, sad and serious but often funny, it is about a man known as Bliss though in fact called Arthur. He is ill, disgruntled, *plagued by relatives (awful* mother, divorced and tiresome wife, impossible children, dotty uncle), poverty, boredom and backache. A landless peer, whose family house is now occupied by a spry community of nuns specialising in the rescue of the incurable from death's door by urgent prayers, he is also an aristocrat lacking the aristocratic structure of life that might make sense of his; thus disorientated, idle, pointless.

The action is cryptic. Unlike almost everyone else, David Batchelor writes so economically that sometimes one cannot be sure, so pared down is the style, exactly what happens. On the whole this is a good fault (loquaciousness being the writer's occupational disease), but disconcerting.

Cherry Smith's *Snow Blind* is a first novel. The title covers all sorts of aspects of the book—drugs, incomprehension, dazzle, winter, innocence, the snow itself that falls on much of the action. It is a powerful book for a beginner, the style fast and easy, the tone assured.

Polly the narrator has a husband (also aristocratic, landed, etc, etc, not unlike *Bliss) who is a drug addict.* She herself tends to madness and is in and out of asylums. Some winter weeks spent in a Welsh cottage involve her with a tribe of village boys whose leader, 14-year-old Robin, she falls in love with. Tender, understanding and wholly illiterate, he comes from a vast family which lives in a squalor it is hard to credit. The love affair is described with delicacy, the much older woman, after years of beatings and abuse from her once fascinating, now appalling husband, spellbound by the boy's sweetness.

Then there is a long term in the criminal lunatic asylum where Polly is sent after her trial for sexual involvement with Robin where, drugged, degraded, fed horrible food in filthy conditions and denied elementary treatment, the inmates deteriorate fast. Much of *this reads like a tract, and not* knowing whether we are reading fiction or a documentary account of real conditions is *confusing and artistically un*satisfactory.

But though much of the novel seems seen through a filter of *drink, drugs and mental* disorder it has moral authority and a sympathetic air. Watch to see whether this is a one-off book in a specialised field or the prelude to much else.

Isabel Quigly

Counting sheep

QUINX
by Lawrence Durrell.
Faber, £8.95. 201 pages

IN HER OWN IMAGE
by Anna Murdoch.
Collins, £8.95. 240 pages

QUINX is the final volume of Lawrence Durrell's *Avignon Quintet* and anyone who has not read the previous four may be hard put to it to follow what it is all about or, more exactly, what it means; not to mention *who is who and what what.* A cast as varied, a field as wide and ambitions as high cannot be briefly described, concentrated as they are and taken to a conclusion in one shortish novel out of the five, but Durrell fans will know what to look for, if not necessarily how to interpret it.

The jacket, with David Gentleman's watercolour, is one of the most alluring I have seen, its reflections in the water perfectly suggesting the circularity and what one might call the duplicity of Durrell's world.

Anna Murdoch's *In Her Own Image*, a first novel, is set in New South Wales on a remote sheep farm in the *early 1960s*. It is about two daughters of an inadequate mother who meet after years apart. Both have loved the same man, both feel resentment towards the mother who, they feel, crippled them emotionally and spiritually. The mother, unconcerned, goes on wrecking the lives around her.

The writing, the insights, the way it deals with its not uninteresting theme — none of these are noticeably good or, for that matter, noticeably bad, though the setting is unusual. An undemanding read.

I.Q.

CRIME

OXFORD BLOOD
by Antonia Fraser. Weidenfeld & Nicolson, £8.95. 224 pages

THE DARKER SIDE OF DEATH
by Martin Russell. Collins. £7.50. 192 pages

ANTONIA FRASER'S Jemima Shore stories always strike exactly the right tone; the various ingredients — sophistication, humour, humanity, knowledge — are mixed in precise dosages. Add to these qualities an unerring sense of pace and you will understand why the books enjoy a deserved success. On this occasion, in *Oxford Blood Jemima goes* there for a programme about golden lads, some of whom come almost immediately to dust. Within a deliberately narrow frame, the author creates a brilliant, varicoloured group portrait; and the solution is surprising and convincing at once.

Martin Russell's stories, collected *in The Darker Side of Death*, are fairly long, almost novellas; and each demonstrates once again the author's eerie gift for creating a sinister situation in the midst of dear old everyday life. The golf club bar with its bore and its widow, the old people's home with its desperately still-youthful, bossy inmate, the bachelor who walks his dog in the park. Neatly done, ungimmicky, and properly chilling achievements.

William Weaver

Judge has another look at Eastbourne doctor

EASING THE PASSING: THE TRIAL OF DR JOHN BODKIN ADAMS
by Patrick Devlin, Bodley Head £12.50, 228 pages

TWO MEN WERE ACQUITTED: THE TRIAL AND ACQUITTAL OF DR JOHN BODKIN ADAMS
by Percy Hoskins, Secker & Warburg £9.95, 221 pages

Mr Justice Devlin presiding over the Adams trial

TWENTY-EIGHT YEARS after the Eastbourne GP, John Bodkin Adams was acquitted at the Old Bailey of the charge of murdering one of his elderly patients, Mrs Morrell, two fascinating books have appeared almost simultaneously by two men who were not only present during every moment of the trial but who were involved in much of what occurred out of court before and after.

Easing the Passing—the expression is a quote from Adams' statement to the police—is by *the man who presided over the* case at the Old Bailey, Mr Justice Devlin (as he then was); *Two Men Were Acquitted* is by *the former chief crime reporter* of the Daily Express, Percy Hoskins who, alone among pressmen at the time, took the view that there could well be smoke without fire, and that much of the lurid smoke surrounding the case and smirching the doctor before the trial began was being whipped up by irresponsible colleagues on other newspapers, a view to which he still strongly adheres.

Both books have had to wait for the death of Dr Adams, in *1983 at the age of 84, before* they could be published. He became very litigious after his release and seems to have made up in successful libel actions anything he may have lost through the cessation of bequests from grateful patients. The passage of time has done nothing to rob the accounts given in these books of their vividness. Both authors have accurate memories and have had access to transcripts and notes they made at the time. *The death not only of Adams* but of other principal actors in the drama, notably Lord Dilhorne who as Sir Reginald Manningham-Buller, the Attorney-General, led the prosecution, and Detective-Superintendent Hannam, the main police witness, has enabled both writers to speak with total candour.

The reader learns a great deal about English justice, how fair it is to the accused, and about the medical profession, what wide areas of disagreement may subsist among experts, and about other professions as well. Although Manningham-Buller failed to secure a conviction and, as both books make clear, played his cards incredibly badly, his progress to the Woolsack after the case was only delayed, it was not permanently halted; whereas Mr Hoskins is under no illusion at all that had the verdict gone the other way, his career with the Express would have come to an abrupt end, in spite of his having had throughout the support of his editor. His title is also a *quotation—from the* laconic utterance to him by Lord Beaverbrook after the verdict was announced.

But these are comparatively minor matters. What in retrospect do these authors think about Dr Adams and his acquittal after 17 days in the dock with the jury out for only 44 minutes? Here their opinions divide sharply, except on one point; they are both agreed that his defence was handled with superb skill by Geoffrey Lawrence QC. Mr Hoskins, who stayed with Adams for three weeks after the trial, working on his story for the Express, *remains completely convinced* of his innocence of the murder charge. He grants that Adams may have been "avaricious" and "foolish" (Adams was subsequently convicted of various offences concerning drugs, cremation certificates and forgery of NHS prescriptions, by a Magistrates' Court); but on the capital charge (says Mr Hoskins) he was clear.

Lord Devlin is not nearly so sure. He rejects now as he did then the portrait of Adams, painted by the prosecution, as a monster of iniquity, "a well-to-do doctor who murdered a dying patient in case she might change her mind about a paltry legacy. Taken as a single instance it was absurd." But because he was *not a monster that does not* mean he may not have been a murderer:

> *He might have murdered—it must be remembered that euthanasia is murder—either as a mercy-killer or perhaps just to finish off a troublesome patient who was dying anyway and for whom he could do no more. The mercenary mercy-killer fits the best picture that I have of him in my mind.*

What really turned the case was a series of notebooks kept by the nursing staff attending Mrs Morrell recording all the injections and dosages they gave her. These notebooks were produced in court by Mr Lawrence like a conjuror producing a rabbit from a hat, to the consternation of Manningham-Buller. They showed that the amounts given to the patient were very much less than those *on the* prescriptions and made nonsense of the nurses' evidence. But what, Lord Devlin wonders, happened to three phials of heroin which Adams prescribed at the end and which remained unaccounted for. He has a suspicion that what was meant to be paraldehyde in the syringe given by Adams to the nurse might well have in fact been heroin. If it was paraldehyde, why did not the nurse recall its smell?

All this is highly speculative and Mr Hoskins would no doubt dismiss it as an eminent lawyer in his dotage taking on the mantle of Agatha Christie; but *for what* it is worth, it half-convinced me.

Anthony Curtis

Dr Bodkin Adams on his way to clay-pigeon shooting

Mad dogs and Englishmen

THE NOONDAY SUN: EDWARDIANS IN THE TROPICS
by Valerie Pakenham.
Methuen £12.50, 255 pages

SOCIALLY, the British Empire —the Colonies—never really caught on. It was not *smart, like India. It looked well on the* map, all those red patches, scattered here and there, but when one thought about it, what sprang to mind? *Flies, smells,* unpleasant diseases and—if one did a white man's job—the certainty of being rewarded with surly ingratitude from those whom one had helped to civilise.

True, there was the rare politician *like Joe Chamberlain*, excited by the scale and splendour of the imperial idea, but then was not Chamberlain him*self a little bit vulgar? Lord* Salisbury was Prime Minister and his daughter Lady Maud Cecil shared a widely held *opinion: the Empire was hope*lessly middle-class. "Of course, the best type of English don't come out to the Colonies and *those who do are apt to be* bounders." Raymond Asquith had much the same thought in mind: "The day of the clever *cad is at hand.* I have always felt it would come to this if we once let ourselves in for an empire." Which was snobbish and silly but neatly expressed the outlook of many upper-class Englishmen.

The health *problem* was one reason why colonies lacked appeal. An official whom the Colonial Office wished to appoint to an African governship asked if his return fare would be paid. He was told the question had *never arisen.*

One way and another, it was easy to understand why Gladstone reported to John Bright that no one who was anyone would go as governor to Africa.

Of course, there were Colonies and Colonies, as Valerie Packenham admits in this entertaining and intelligent study of the effect of colonial possession. For instance, there was Malaya where the climate was not too beastly and a man *could actually do something*, eg grow rubber. And not all British politicians were as insouciant or as candid as the young Winston Churchill who proposed to pull out of large parts of Nigeria altogether: "I see no reason why savage tribes should not be allowed to eat each other without restraint." Not all colonial civil servants were as detached: some, like Lugard, were serious-minded and even statesmanlike.

In addition to health, there was another discouraging fact: "the bloody settlers," a problem afflicting East Africa, in particular. That delectable region had a fatal attraction for dissolute young Englishmen. As Byron remarked:

> *What men call gallantry and gods adultery*
> *Is much more common where the climate's sultry.*

The English women at home did not have to compete, as their sisters in Malaya did, with *the charming native talent.* Ninety per cent of the Malayan planters kept Asian mistresses and obeyed only the curious un*written law that a planter* should not take a mistress from his own estate.

Some of the cruder kind of settlers thought *that* the inhabitants were a source of cheap labour, in which opinion they were opposed by the civil servants and the missionaries, who were another dissident element in the colonial problem. To make things worse, the missionaries themselves were split between those who believed their job was purely spiritual and those others who thought they should improve the material lot of the *local* population. On the whole, the missionaries come well out of the story. Dr Banda's satrapy *of Malawi can fairly* be regarded as their offspring.

It is all over now. To read Valerie Pakenham and to enjoy the illustrations in this readable work of social history and reminiscence is to be taken back to a vanished world and meet its people, some noble, some predatory, some plain dotty. The imperial pageant *has to make room*, among its heroes and martyrs, for the playboys (and girls) of Happy Valley. And what has it left *(apart from cricket)?* The suspicion lingers that the end of the story was a shade too hurried, too like a scuttle, to be worthy of what had gone before. There is a gap in the world which has not yet been filled.

George Malcolm-Thomson

Moorish glory

SHADES OF THE ALHAMBRA
by Raleigh Trevelyan. Secker & Warburg. £10.95, 128 pages.

THE ALHAMBRA in Granada *possesses* an almost narcissistic beauty, and this is one of its fascinations. Even the early decorators of this *magnificent* complex of buildings were conscious of the perfection of their own performance. One of the *Arabic inscriptions* on a wall reads: "I am a garden adorned with beauty. Gaze upon my loveliness and you will know this to be true." Another says: "I am like a bride in her wedding dress, decorated with every beauty and perfection. *Look at* this fountain of water and you will understand the abundance of truth which my words contain."

Repeat these lines gazing on the still waters of the Court of Myrtles and they can never sound banal. The Alhambra represents the zenith of the Arab achievement in Spain and over the centuries it *has become* a semi-mystical symbol in a romantic view *of the Moorish* past. The Arabs, finally forced out from Granada in 1492, dreamed of its lost fountains, while Spaniards, Americans and Europeans incorporated the Alhambra and Granada into Andalusian mythology through the drawing and writings of such men as Richard Ford, Washington Irving and Federico *Garcia Lorca.*

Raleigh Trevelyan has brought all this together in a short account with well chosen and beautifully reproduced illustrations, making this an exceptionally handsome little volume. He *manages to squeeze* in a great deal of detail on the history of Moorish Spain and post-conquest Granada—as well as bits of exotica like the Italian marchese who transformed his palace near Florence into an Alhambra of his own dream. Inevitably, it is a little breathless at times, but then pause and look at the illustrations.

Robert Graham

Theatre

The creation of a Crookback

ONE OF the hottest theatre tickets in town is for *Richard III* at the Barbican, with Antony Sher capering around the stage on his black medical crutches like an electrified hedgehog in the most spectacular appropriation of the role by an English actor since Olivier.

Last year, Simon Callow wrote one of the best books about acting since the war. Antony Sher is a direct contemporary of Callow's and, like him, a bravura character actor of energy and resource. He now reveals himself to be, like Callow, a gifted and compelling writer: his new book,* which he has also quite brilliantly illustrated, charts a year of intense preparation for the role of Richard, from the moment Trevor Nunn drops a nudging hint in the darkling recesses of Joe Allen's in Covent Garden to that opening night last summer at Stratford-upon-Avon when, as he waited, ...led in the wings, a fellow actor whispered: "Tony, when your crutches first appear, expect a cacophony of scribbling."

I first saw Sher impersonating Ringo Starr in a musical about the Beatles by Willy Russell at the Liverpool Everyman in 1974. He was one of an extraordinary group emerging, under the direction of Alan Dossor, into the liveliest and most creative theatre cell outside London. Other artists included the singer Barbara Dickson, the actors Jonathan Pryce and Bernard Hill, directors Dossor and Richard Eyre, the writers Russell and Alan Bleasdale.

Sher came to London with the Beatles musical. Since then he has been prominent in the early days of Gay Sweatshop (as indeed was Callow), in new plays by Caryl Churchill and Snoo Wilson at the Royal Court and, most famously perhaps, as Malcolm Bradbury's unscrupulous provincial academic Howard Kirk in *The History Man* on BBC TV.

Pimples, an improvised play directed by Mike Leigh, he played an obtuse Arab who mistook the lounge of a car salesman for the bar in a brothel, waving wads of 10-pound notes at his host's wife whenever she offered him a drink.

Richard was on the cards, you felt, the moment Sher joined the Royal Shakespeare Company and embarked upon that exhilaratingly outrageous double act of Bulgbakov's Molière and Molière's Tartuffe. The latter, a glintingly maniacal hypocrite with lank hair and bestial manners, found some critics wondering how on earth Orgon would have allowed him across the threshold in the first place; it had everyone else mesmerised in delirious pleasure.

It is clear that Sher likes working inwards on a character, often starting by drawing the role. Images fed into Crookback include the frightening normality—on the surface—of Dennis Nilsen and Peter Sutcliffe ("somebody's husband, somebody's son" was the police tag for the Ripper, poignantly applicable to all Shakespearian psychopaths, especially perhaps Richard); the punk-haired pop star with polio, Ian Dury, the stupid brutality of Ronnie Kray's battered visage; the piercing eyes of Klaus Kinski; the haunting words of PC Olds, crippled in the course of his duty and describing his new unassuagable anger as "a man turned inside out" whom "every breeze hurts."

Alongside the accumulative dismissal of the angelic cripple in literature — Hugo's Quasimodo, Dickens's Smike—is itemised a rigorously scientific approach to interpretation involving intense consultation with both a psychotherapist and a physiotherapist, visits to homes for the disabled (the shoulder-hump condition of scoliosis is rejected because of the dangers of suggesting a twisted spine; the central-hump condition of kyphosis is plumped for and then threatened by the highly paid expert whose caste of Sher's back in algernate and plaster causes hours of discomfort and pre-preview tantrums); strange dreams, including one of Olivier "in extreme close-up." Sher floating in embryonic nakedness the hooded eyes and putty ski-jump nose he dares to emulate.

Before the rehearsals, Sher returns to his native Cape Town for a holiday, ensuring that his own white liberal conscience does not intrude too much upon his creature comforts. This is a wonderful episode, full of darting perceptions and concise, evocative description. But the actor is always preparing. RSC directors continue their wheedling policy and casting discussions with him over the telephone; and the Lion's Head rock foundation, as viewed and sketched from Sea Point, becomes a crucial silhouette in Sher's developing notion of the hunch-backed toad's upper torso strength building to an undivided mass of shoulders, hump and muscular arms.

No other actor's performance in a great role has been so thoroughly and excitingly documented in the preparation. And, like Callow, Sher is good at conveying the intensity and exhaustion of the process. His Stratford life—driving in from his picturesque rented cottage in Chipping Campden; on the large and empty Stratford stage for a run-through; engulfed in the voluminous embrace of the Dirty Duck's manageress; in the dressing-room with the foul-mouthed Black Mac sorting his costumes; in a restaurant with his esteemed director Bill Alexander—all this makes for a fascinating peephole read.

Finally, how must we now assess Sher's Richard? It certainly stands in my pantheon alongside Olivier's on film and Ramaz Chkhivadze's for the Soviet Rustaveli company. Ian Holm and Alan Howard gave fine and very different readings in the context of RSC history cycles. On its own, the part has scared off such other pretenders as John Wood and Norman Rodway. Sher, the actor (like Olivier) whom no-one recognises in the street, has gone for broke, unmindful of the stage history, and has produced as memorable and as thrilling a performance in a great classical role as we have yet seen from the post-fringe boom of inter-disciplinary acting which is one of our nation's greatest natural and cultural assets.

**Year of the King by Antony Sher is published on Monday by Chatto and Windus, £10.95, 249 pages. An exhibition of illustrations from the book can be seen next week, Monday to Friday, at the Barbican Centre (Level 3). Richard III continues in the RSC repertoire until September.*

Michael Coveney

Antony Sher's drawing of Olivier as Richard III: one of his own "Year of the King" illustrations on view at the Barbican

Saleroom

Red spots spell success at the Fair

A PLAGUE of red spots hit the Grosvenor House hotel this week, much to the relief of the UK antiques trade. The spots marked objects sold at the Grosvenor House Antiques Fair, always an important event in the social and financial life of antique dealers, and this year more vital than ever.

In the past few months a malaise has crept over the antiques business. Was it the first faltering in the boom in antique prices, or just buyers pausing for breath before the Fair? After the first two days trading most dealers, especially those selling furniture, were more confident about the immediate future.

The main problem for furniture dealers like Norman Adams and Apter-Fredericks was manoeuvring replacement stock into the Grosvenor House. In the first hours of the sale Adams sold a Sheraton period satinwood "Carlton House" writing table for £100,000 to a foreigner resident in London who wanted delivery that very evening. Apter Edwards had sold half its original stock by the second day.

Obviously the very look of the Fair—the most ostentatious display of conspicuous selling that the senses are likely to experience for the next 12 months—had gone straight to the cheque books of the rich collector, many of whom were American. The Fair has got off to a flying start.

But while the Fair seemed busy some of the more experienced dealers were still expressing caution. The market is volatile: a check to the American economy could precipitate the most awesome fall in price for all but the very top quality antiques. They blame this febrile state of affairs on the auction houses: most notably Sotheby's.

The argument goes that Mr Alfred Taubman, the new owner of Sotheby's, is looking for a quick and large return from his costly investment. To achieve this Sotheby's is going hell-for-leather to boost sales, built around a promotional campaign which stresses the steadily rising value of works of art. This has attracted to the antiques trade newly rich Americans who are treating Impressionist pictures and 18th century furniture as if they were easily tradeable Wall Street stock or pork belly futures. This uniformed buying —and selling—of second rate items (because the best quality goods are either in museums or very scarce) is certain to lead masterpieces. By a costly marketing campaign, which unearthed two hundred rich potential buyers of Impressionist art, Sotheby's sold the Gould pictures in April for just over to tears.

At last year's Grosvenor House Fair there were many American buyers, new to the market, who were paying high prices for run-of-the-mill items of furniture. They were neither dealers nor collectors: they were speculators. Now they are suffering for their inexperience, attempting to off-load furniture they could not sell at a profit back in the U.S. on to the auctions.

In a recent unsuccessful Sotheby's furniture sale in New York a Regency rosewood book- £26m. Credit buying was introduced to ensure that the purchase of art seemed as familiar to these new investors as trading in more mundane objects. Gould worked, but if the new case, bought at Grosvenor House last year at around £7,500, was unsold at around £10,000. Trade insiders watch the same tired pieces making the journey from saleroom to antique shop, back to the saleroom and another rebuff. The recent rise in sterling against the dollar has also caused problems for those American traders buying up stock last winter in the UK and hoping for a quick sale: there is a lot of money owing to London antique dealers at the moment.

Perhaps the most impressive example of salesroom "hype" was Sotheby's successful dispersal of the Impressionist pictures collected by the late Florence J. Gould. These were attractive pictures but very few were owners of the pictures need to raise money quickly, and expect to trade in their art at a good profit, they will, in most cases, be disappointed.

As Mr Fee found out. This Oklahoma millionaire bought Old Master pictures in recent years. When he needed to off-load them — at Christie's in May—only seven of the twenty on offer found buyers. They lacked the vital ingredient—freshness in the market place.

So the most confident traders at Grosvenor House are those with items they have managed to acquire from private sources. Mallett at Bourdon House is delighted with its boule cabinet made around 1720 at Antwerp. It was unearthed recently in Bruges and carries a £550,000 price tag, making it the most costly item at the Fair. If it does not find a buyer in the next week Mallett will not be too disturbed. They see the Fair as a flag-waving exercise and an opportunity to meet potential customers who might not get around to buying an object for a few months. Now everyone in the trade knows about the fine cabinet.

With so much on offer, not all the thousands of items for sale can be fresh, and some dealers have obviously been stocking up on choice items at recent London auctions to decorate their stands. Armitage, as well as offering two Leonards caricatures, (originally at Chatsworth for £400,000) which it bought at Christie's last summer for around half the price, is also quoting £135,000 on Jerome Napoleon's travelling desk which cost just £91,800 at Christie's on May 8.

Spink has a George I silver wine cistern, sold at Sotheby's New York in April for £215,178, on offer at £300,000, but claims to have unearthed new information about the vast bowl to enhance its value.

The Fair, which continues until June 22, gives a re-assuring picture of the UK antiques trade. Few events could match its splendour. Some of the older dealers who are not exhibiting, like Agnew, Colnaghi, Leggatts, may feel that scolarship is being sacrificed for show, that the rare and beautiful is over-shadowed by the ornate and shallow, but the antiques trade is a business. Its future prosperity might be too closely linked for comfort with the American economy, and the Cassandras might be proved right by the winter, but this summer, at least, the antiques boom maintains its momentum.

Antony Thorncroft

An Anglo-Indian table, known as "The Peacock," on offer at £25,000

Barbican Gallery

The first major exhibition of Patrick Heron's works to be held in London for over ten years will take place at the Barbican Art Gallery from July 11 to September 1.

The artist has chosen over 50 of his favourite paintings. These include some figurative paintings from the 1940s and 1950s, never exhibited before, some abstract works dating from 1958 to 1962 which have only been shown in New York, and a first showing of canvases and gouaches completed since his retospective show in 1978 at the University of Texas, Austin.

His last major London exhibition was at the Whitechapel Art Gallery in 1972. Most recently, some of his work was included in the Tate Gallery's St Ives show earlier this year.

The Patrick Heron exhibition runs concurrently with "Painting in Newlyn," an exhibition of Cornish painting during the turn of the century.

Records

Paris supplies the theatrical tone

AUBER: FRA DIAVOLO
Gedda, Mesplé, Berbié, Corazza, Dran, Hamel, Trempont, Bastin etc/Ensemble choral Jean Laforce, Montecarlo PO/ Soustrot.EMI HMV 27 0068 3 (2 records, also on cassette)

MOZART ARIAS: THOMAS ALLEN
Scottish CO/Armstrong. EMI HMV EL 270137-1 (also on cassette)

MOZART AND HANDEL ARIAS: ANN MURRAY
Scottish CO/Leppard. EMI HMV EL 270138-1 (also on cassette and CD)

MOZART ARIAS: BARBARA HENDRICKS
ECO/Tate. EMI HMV EL 270127-1 (also on cassette and CD)

ONE BY ONE, the favourite comic operas of the last century creep into the gramophone record catalogues. *Fra Diavolo*, by Auber, is the latest to do so—and very welcome it is. First given at the Opera-Comique in 1830, and in London a year later (in English), it soon became a staple of the repertory, a frolic in which grand singers enjoyed disporting themselves.

It came out two years after Rossini's *Comte Ory*, perhaps the most equisitely and subtly fashioned *opera-comique* that there has ever been; and also two years after Auber's own *Muette de Portici*, the Grand Opera that first carried the composer's fame across Europe.

But, despite this and subsequent excursions into the big, serious Parisian operatic manner, Auber was at heart a comic-opera man. Whenever *Le Muette* is given its rare modern revivals on radio and in student production, critics note the ways in which the urbane gifts of a natural musical miniaturist have been extended on an inappropriately broad canvas. *Fra Diavolo*, as the enjoyable new EMI set bears out, is an example of those gifts properly used. Along with *Le Domino noir* is could be taken to represent Auber at his best, for it is a work of much zest, lightness, and vivacity.

Auber, an attractive figure on the margins of music history (unfairly railed at by Berlioz) provides a link between the gentle, tuneful Boieldieu (first 19th-century comic-opera master) and the extravagant, fantastic genius of Offenbach. As Donald Grout has put it, "Both Auber and his usual librettist, Scribe, were thorough Parisians, and their work has a certain smartness, an air of the boulevards, an alert, nervous, often lightly mocking quality which is one of its principal charms."

These are certainly the qualities responsible for the particular flavour of an airy spoof involving the dashing bandit-in-disguise of the title role, a travelling English loard and his lady, and a pair of lovelorn locals, the officer Lorenzo and the serving-maid Zerlina. The setting may be given as "the region of Terracina," but Paris supplies the theatrical tone and accent. The Auber-Scribe vein of mockery here touches the contemporary vogue for operatic Romanticism (Zerlina's song about the wicked Diavolo indulges enjoyably in cod spine-chilling tremolos); much fun is also had with the high-flown airs of Milord Cockburn and Milady Pamela (the text is studded with "yes," "Oh my God," and ever "God Damm.")

And the music has a rhythmic flair that keeps it dashing forward without halt or falter from beginning to end. Auber learned from Rossini the finer art of threading voices together in ensemble in ways that combine grace, ingenuity, and good humour. His purely lyrical invention is much less distinctive (it was for reasons of prudery, not quality, that Zerlina's air at her toilet provoked Mendelssohn's disapproval. There is also a slight imbalance in the dramaturgy—Milord and Milady prominent in Act I but subordinate thereafter; Zerlina's songs kept close together in the first half and those of the principal tenors, Diavolo and Lorenzo, placed similarly close later on.

Yet the charm of the work sees it through. *Fra Diavolo* is not, indeed, a major work of comic opera, but it is a delightful minor one. Apart from permitting some lax ensemble in the overture, Marc Soustrot conducts the Monte-Carlo orchestra with a deft, sure hand. The cast numbers several seasoned veterans of French comic opera. Too seasoned for all tastes, perhaps: the set makes it clear that the best singing days of Mady Mesplé (Zerlina), Jane Berbié (Pamela), and above all Nicolai Gedda in the title role are now past, though expert command of style helps cloak most of their thinner passages.

Thierry Dran (Lorenzo) is a pleasing *jeune premier*, not immaculately schooled but winningly fresh. And by Rémi Corazza (Lord Cockburn, with a wonderful fake English accent), and Michel Hamel and Michel Trempont (oddly missing in the cast list) as Diavolo's benchmen, the comedy is bountifully supplied. The spoken dialogue goes with a authentic swing.

A brief note on three EMI vocal recitals of recent issues. Thomas Allen's selection of Mozart airs was long overdue, and can be recommended without further comment—he is the leading Mozart baritone of the day, and these samples of his Figaro, Almaviva, Guglielmo, Papageno, and Giovanni show just why he must be thus rated. Ann Murray's record of Handel (the "Lucrezia" cantata and Julius Caesar's hunting aria) and Mozart (airs from *Lucio Silla*, *Mitridate*, and *Tito*) can be welcomed as a most beautifully balanced and varied programme, neatly and competently done. I find that Miss Murray's chosen designation as a mezzo-soprano does her a disservice: she s at her freest and most naturally expressive in soprano territory (as the early Mozart operas clearly demonstrate).

The Barbara Hendricks record puts together another very attractive Mozart programme—thre concert arias followed by excerpts from *Silla*, *Idomeneo*, *Figaro* and *Flute*. I have not yet fully fathomed the current vogue for the American sorano; to these ears she comes across as a sweet, small soubrette of restricted colour range and limited dramatic ability (all vowels tending toward a single closed sound). In a Mozart selection as wide and various in its demands as this, she is apt to seem over-parted, though her Ilia and Susanna have their moments. The accompaniments by Jeffrey Tate and the ECO, most consistently alert and vigorous of all three recital records, lend a feeling of substance that might otherwise have been entirely absent.

Max Loppert

Radio

Stories of accident-prone folk

Almost everything I am writing about this week is part of a series. The exception is last Saturday's theatre, Rattigan's *The Deep Blue Sea*, and it is an exception for another reason as well. It was the first symptom of a curious, and welcome, little outbreak of Rattigan. I saw the same play at Worthing this week, and on Sunday there is a single performance at the Aldwych of a kind of Rattigan anthology, *In Praise of Rattigan*.

I shall write about all this next week. Meanwhile I may just say that the Radio 4 production (a repeat) was decently done, with Isabel Dean a touching Hester, Michael Byrne allowing himself to give Freddie a hint of commonness. Christopher Venning did the radio adaptation and the direction.

The New Tartuffe, or A Mother's Guilt (Radio 3, Wednesday) was the end of the Figaro threesome. Beaumarchais surely thought, as lots of us have, that those accident-prone folk at Figaro's wedding must have met with some later adventures. Twenty years later, they have been lured to the revolutionary Paris of 1790 by a crooked Irish major. Mr and Mrs Almaviva (Count and Countess laid by discreetly) lost their first son in a duel. Their second, Leon, is actually the son of the page Cherubin, since killed in the army. Their adopted daughter Floresta is actually the daughter of Almaviva. Bejorass, the Irishman, tries to swindle Almaviva of 30m in gold and to marry Floresta, though she and Leon are in love. The play is a characteristic romance of the time, with no special wit. Social comment touches on approving divorce and condemning arranged marriages and celibacy in religious orders. It was as well played as the other two, with Norman Rodway added as Bejorass, Muir Leslie as Floresta and John McAndrew re-born as Leon. Ian Cotterill directed all three.

Also on Radio 3, Susan Hill's half-hour play *Autumn* is the first of four. It is a duologue for a middle-aged couple trying to forget that their children have perished in discreditable circumstances. A still life, it is well-written and as well played. It aroused in me what Yeats called a pity beyond all telling.

Music for the People (Radio 4, Wednesday) began a series of ten programmes on folk-song, but it rightly started with some attempt to find out what folk-song is and what it isn't. Some people think you can sit down with a guitar and a cause and write a new folk-song, "a song that looks as though it is likely to stand the test of time," as Ralph McTell said. But such *ersatz* folk-songs, "We shall not be moved," for instance, or that anthem to which crowds fit the phrase "'Ere we go" as often as they can, cannot be rated as "folk" until they have proved their claim, for they are not genuine products of the people. "'Ere we go" is sung to an American patriotic tune composed by the son of a Portuguese immigrant. No doubt such points will be covered in later programmes. Meanwhile, in the early programmes we can enjoy such delightful real folk-singing as we had from the brothers Copper.

Jazz, which relies so much on individual talents, can never pretent to be folk-music, in spite of Louis Armstrong's claim. Capital is giving an hour of first-class jazz on Sunday evenings, presented by Brian Rust. Last Sunday he concentrated on soloists on brass instruments, with great work by Armstrong, Jack Teagarden, King Oliver, Bix Beiderbecke, Red Nichols and Miff Mole, not to mention Cyrus Sinclair and Joe Tarto on the bass tuba. Mr Rust talks little and plays whole sides, not just tastes, so that incidentally we heard such players as Eddie Lang, Frankie Trumbauer, Fats Waller. All just as it should be.

B. A. Young

Private view

That's what happens on live television

"WE LIKE our audiences over the top," said the warm-up man and the audience in the Wogan studio duly obliged. The show is called simply "Wogan." I now realise, because that is what it is about. The warm-up man had offered us Wogan T-shirts, Wogan pens and Wogan mugs, and the cult of personality continued into the programme.

Terry Wogan appeared and joined his first guests—members of the Terry Wogan Fan Club. One of the middle-aged ladies read out a poem—about Terry Wogan.

Then we moved on to Lady Antonia Fraser who, as Wogan pointed out, is often on quiz shows. She is rarely interviewed, he said, and he wondered why she was coming on his show. The simple answer was that she was there to sell her new book, whose title was dropped into the interview at once. This, you may remember, was the chat-show that they claimed was not going to be a plug-show. After about six minutes we were onto a plug.

"I am sure this joke was not on the boards . . . it gave a flash of a much sharper Wogan."

Lady Antonia (who was, in fact, interviewed by Roy Plomley recently) flirted pleasantly enough with Wogan and talked about rugby. This allowed Wogan to make a joke about a hooker which I suspect was written on one of the boards that men held up in front of him from time to time behind the cameras.

He did ask her an interesting question about what husband Harold Pinter's plays were about, to which she refused to reply. She would not answer "awkward questions," she had made clear. It sounded as though this clause was written into every "Wogan" contract, which makes for pretty dull chat. There was a silence and then Wogan said that the pause was almost Pinteresque. I am sure this joke was not on the boards and it gave a momentary flash of a much sharper Wogan.

But the show moved on at a speed with a pre-recorded video of Roy Orbison singing "live" while in the studio Wogan joked about how deceitful a medium television was.

Next on the screen was a series of vox pops. Wogan asked people in the streets to taste Japanese food and was amused when they said "Urghh." This was "That's Life" territory but it served as a cue to bring on Burt Kwok.

Kwok is Chinese but says that he is brought on for anything from Japan to the Indian sub-continent. He looked as though he was going to be entertaining as a guest but he was allowed only a brief interview before the Japanese food and the Terry Wogan fan were wheeled on. The contents of the dish were flashed onto the monitor for us to laugh at while Wogan and the fan made funny faces and tried to guess tastes as exotic as fish and even octopus.

This routine was used recently on a travel quiz show and it was not very funny then either.

Another brisk change brought on Rory Bremner, an impressionist, who is funny. He was doing a parody of the hit single 19 (the average age of Vietnam combatants). His 19 concerned the average number of runs scored by English batsmen in the last series. It was a nice idea and no surprise to find that Bremner has been on the show three times. The parody is available, Wogan tells us, as a single — but there was scarcely time for this plug before moving onto someone called June Havoc, an aged American actress who drew blank looks from most of the audience.

She was apparently a star of Vaudeville and, as Wogan put it, "all the rest of it." She rather unfairly picked him up on this and asked what he meant by all the rest of it. Wogan floundered but fortunately the credits suddenly came up on the monitor. They had run out of time. Wogan told us "That's what happens on live television."

Ian Hislop

Sport

Cauthen: every housewife's choice—but no mum's boy

Lester Piggott, the Long Fellow, after winning the Derby for the ninth time

ROYAL ASCOT, which begins on Tuesday, is a confusing four days for armchair punters who follow the telly and have the odd flutter. What goes on behind the gallery of Hooray Henrys, the champagne lake and the caviar mountain? Well, a lot of pretty serious horse racing goes on.

Ascot is the meeting when, with care, you can get your betting right. It comes in the middle of the flat season when, with a little help from the form books, you can separate the men from the boys (both horses and jockeys) and decide whether that lovely two-year-old that paid for your Savoy lunches in May was just a morning glory.

By this time, gamblers should know the form. There are no green horses, the writing is on the wall—or in Timeform or Sporting Life—and though the race is not always to the swift, that's the way they're betting.

"Ascot," a professional gambler of my acquaintance says, "is not a punter's meeting. Read rightly it is an investor's meeting."

Last year's Ascot brought brave and beautiful sights—Chief Singer coasting home by eight lengths in the St James's Palace Stakes, Gilderan's surprise win in the Gold Cup and Habbibi's triumph as a great sprinter.

What will be this year's goodies? It looks as if two names will dominate the field—trainer Henry Cecil and Stevie Cauthen, the American wonder boy jockey.

Cecil is already quoted by a leading bookmaker at 2—1 on (that means £2 to win £1) to be the first trainer to break the million-pound barrier of prize money in a single flat season and with Derby and Oaks winners already under his money belt, it seems like a reasonable bet. His partnership with Cauthen, rider of Slip Anchor and Oh So Sharp in those Derby and Oaks triumphs (and successor to Lester Piggott as Cecil's stable jockey) seems to herald one of racing's great long-lasting relationships.

Cauthen has now replaced Piggott as the housewife's choice. He is every mum's boy, a personable 25-year-old who would have the ladies' money pushed over the counter of the betting shops whatever he was riding. Luckily for many of them, he is not a mum's boy, but a brilliant and experienced jockey.

The way in which Cauthen has adapted himself to English riding styles is quite remarkable. American racing, let us face it, is fast but lacks any cerebral quality. The average mile race at a good U.S. track is like the U.S. Cavalry riding to the rescue of John Wayne. When in America the great Lester once came from behind to snatch a win, he was pilloried in the local press—they didn't understand our system of "riding a waiting race." When he explained, they asked: "But, Lester, when did you realise you were gonna win?" A poker-faced Piggott replied: "Oh, about two weeks ago."

Whether or not it is true that Willie Carson gave Cauthen his first piece of advice—"Watch the Long Fellow" (Lester Piggott)—he obviously has learned a lot since he came over here for to succeed Lester as top jockey for England's most successful stable in a few years is not a bad record.

For those who back jockeys rather than horses—a highly unwise system according to most seasoned gamblers, but just about forgivable this year—here is a guide to what might be Cauthen's Ascot.

He is riding 15 horses for Henry Cecil (see the racecards for details) plus Pebbles in the Prince of Wales Stakes (Tuesday) and Vintage Toll for the Yorkshire trainer, Jimmy Fitzgerald, in the Royal Hunt Cup (Wednesday).

On Friday he rides Kirmann in the Aga Khan's colours and if the weights are right he will be on Double Schwartz in the Wokingham Stakes.

For punters who want to make it a right Royal Ascot, the Queen (she hasn't had a winner there since 1979) has six runners—Silver Dollar, Insular, Golden Arrow, Soprano, Final Selection and Leading Star.

To add to the confusion, more statistics: last year the winning owner was Robert Sangster (£65,372), the winning trainer W. Hern (£58,878), with Henry Cecil fifth. Willie Carson was winning jockey with Cauthen second and Piggott third.

You will not be able to back Cauthen as winning jockey. Most bookies are declining to take that traditional bet, "Top jockey over the four days of the fixture," because with 66 wins in mid-season he looks like being the most predictable champion jockey of his generation. It is rather like a cricketer having scored a thousand runs by the end of May.

But uncertainty is what makes a horse race, and maybe a few bob on the Long Fellow, whose last season it may well be, might not be an unfortuitous investment.

Alan Forest

Soccer

Eleven players do not a team make

WHY DOES England, with the strongest club football in the world, miss out so badly in the international matches? They beat West Germany, surprisingly, 3-0 this wek to halt a decline which would have given them four defeats in a row.

But thanks to the luck of the draw, England can hardly fail to qualify for the World Cup in Mexico next summer. Whether they can make a serious impression on the tournament without a major shakeup is another matter.

What is wrong? England's First Division clubs have dominated the major European tournaments for the past decade. But ironically, their League system is one of the main reasons for their failure at the highest level.

It spawns ultra-fit, well-drilled footballing robots who can carry out the manager's not too complicated tactics but apart from a few players, mostly black, the majority have lost the heart and the confidence to do the unexpected.

It is not often appreciated how much the best England clubs depend on the Celtic influence. Where would Leeds have been in their days of glory without Scotland's Billy Bremner and Northern Ireland's Johnny Giles? Liverpool's success has owed much to Graham Souness, Kenny Dalglish and Ian Rush. And let us not forget the influence of the late Bill Shankley who really lit the Merseyside torch.

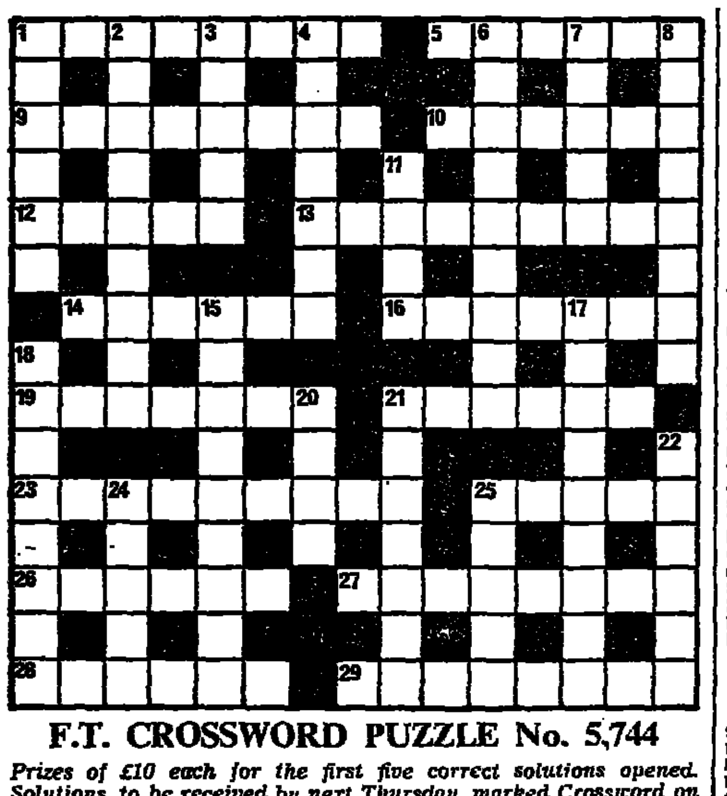
Disraeli spoke about two nations. In football, we have four—Britain is the only country playing international football which accepts regional divisions which for many years haven't made sense politically. Would the British do better in world football with just one UK team, instead of England, Scotland, Northern Ireland and Wales?

There are parallels to ponder. The British Lions rugby teams have not done too badly in their tours of the world. But rugby is a different ball game, which is why the publicans in Twickenham are not too worried about the aftermath of an England v Scotland game.

Fielding a UK team of soccer internationals would create problems—not the least of which would be changing the whole pattern with the international football authorities. Would it be worth while?

In theory it would. Players of the calibre of Graham Souness, Liam Brady and Ian Rush would improve any side. But in practice, I have my doubts. The 11 best players do not necessarily make a football team, which is another problem for any England manager.

Trevor Bailey



F.T. CROSSWORD PUZZLE No. 5,744

Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

Name ....

Address ....

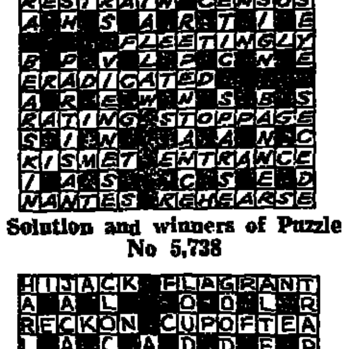
ACROSS

1 and 5 They help your way to the bank, providing you have a good balance (8, 6)
9 and 10 A rival figure you correspond with? (8, 6)
12 Embarrassed after some hesitation—having got it wrong (5)
13 Two races in one (4-5)
14 Is against using Latin (6)
16 Informal conference about the Inca (5-2)
19 Specifies how tokens may be regarded? (7)
21 Worthless friend put to the test (6)
23 Farmyard scandalmonger? (4-5)
25 How a bird eats corn, a lot of it (5)
26 and 27 Flip-side? (6, 8)
28 and 29 Booty not properly set out? (6, 8)
22 Lost, as a dog may be (6)
24 Accountants love a supplier of chocolate (5)
25 Girl admired by servicemen, though stuck-up (3-2)

DOWN

1 The object of his match is a draw (6)
2 They send abroad for money (9)
3 Worked for a model employer? (5)
4 Cuts on chest need treatment (7)
6 Sort of sketch one has in hand (9)
7 Illustrious old money (5)
8 One point on a fork is unpleasantly sharp (8)
11 Site of intrigue (4)
15 Urge safer product—unsweetened (5-4)
17 The publication that is bound to last (4, 5)
18 Sets aside Tom's battle-scars? (8)
20 For the benefit of Japanese drinkers? (4)
21 One after another (7)

Solution to Puzzle No. 5,743



Solution and winners of Puzzle No 5,738

Mrs B. A. Stevens, Belfield Cottage, Blowing House Hill, St. Austell, Cornwall.
Dr T. Chalmers, "Hazelwell," 174 Derwen Fawr Road, Sketty, Swansea.
Mr T. Wheatcroft, 27 Sloane Court West, London SW3.
Mr Patrick F. Martin, 63 Twyford Avenue, Fortis Green, London N2.
Mr A. Maclean, 12 Coxhill Gardens, Dover, Kent.

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am The Saturday Picture Show. 10.40 Trooping The Colour. 12.15 pm Grandstand, including 1.00 News Summary and weather; Cricket from Headingley on England v Australia; Boxing (John Feeney v Ray Gilbody for the British Bantamweight title); Tennis (The Stella Artois Championship) and at 5.00 Final Score (Classified Results).

5.10 News. 5.20 London, Sport: South-West England, Spotlight Sport and News; All other English regions, Sport and Regional News; Scotland, Sport; Wales, Sports News Wales; Northern Ireland, Northern Ireland News and Sport. 5.25 The New Adventures of Wonder Woman. 6.15 Terry and June. 6.45 "Catch Me A Spy," starring Kirk Douglas and Trevor Howard. 8.10 Dynasty. 9.00 The Val Doonican Music Show with guests Gloria Hunniford, David Copperfield and Stockton's Wing. 9.45 News and Sport. 10.00 The Royal International Horse Show. 11.10 "The War Between Men and Women," starring Jack Lemon.

BBC 2

3.10 pm Saturday Cinema: "The Savage Guns," starring Richard Basehart and Don Taylor. 4.30 Cricket: First Test, England v Australia at Headingley. 6.20 Dance International. 6.30 Trooping The Colour (highlights). 7.55 News and Sport. 8.10 Saturday Review. 9.00 "The Godfather, Part II," starring Al Pacino with Robert Duvall, Diane Keaton and Robert De Niro. 12.15 am Cricket: First Test (highlights). 12.45-1.30 Tennis (highlights).

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 10.00 No 73. 11.20 The Champions. 12.15 World of Sport, including 12.20 Rallying and Golf. 12.45 News, followed by Australian Pools check, 12.55 Basketball. 1.20 The ITV Seven from Sandown and York. 3.10 Athletics. 3.50 News Round-up. 3.55 Wrestling. 4.40 Canoeing. 4.50 Results.

5.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 Chips. 7.00 The Comedians. 7.30 The Price is Right. 8.30 Hunter. 9.30 News and Sport. 9.45 Tales of the Unexpected. 10.15 London News Headlines, followed by "Attica: Story of a Prison Riot." 12.00 Magnum. 12.50 am Bizarre. 1.15 Night Thoughts.

CHANNEL 4

1.05 pm Chips' Comic. 1.30 Listening Eye. 2.00 "Wilson," starring Alexander Knox with Carlos Cobern, Geraldine Fitzgerald, Thomas Mitchell, Cedric Hardwicke and Vincent Price. 4.50 The Weekend Starts Here. 5.05 Brookside. 6.00 The Max Headroom Show. 6.30 Babble. 7.00 News Summary, followed by 7 Days. 7.30 Union World. 8.00 Tales from a Long Room. 8.15 Sanne. 8.45 My World and Welcome To It. 9.15 To Be A Yellowbelly . . . ? 10.00 Octopus—Power of the Mafia. 11.00 Golf—The U.S. Open Championship. 1.00 am The Paul Hogan Show.

S4C WALES

1.25 pm Farming on 4. 1.55 A Question of Economics. 2.25 A Week in Politics. 3.10 The Painter and the Past. †4.10 The Americans at War. 6.10 The Medicine Men. 6.40 The Avengers. 7.35 Newyddion. 7.45 Llun Ar Y Sgrin. 8.15 Gorau Gari. 9.10 The Bright Side. 9.40 Lou Grant. †10.35 Feature Film: "The Plain Man's Guide to Advertising." 11.00 U.S. Open Golf Championship.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Connections. 5.35 Dreams. 6.00 Riptide. 12.00 Live at City Hall—the Edwin Hawkins Singers and Roberta Flack. 12.30 am At the End of the Day.

BORDER

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Film: "Jason and the Argonauts," starring Todd Armstrong and Nancy Kovack.

CHANNEL

9.25 am Cartoon. 9.30 Captain Scarlet and the Mysterons. 9.57 Puffin's Pla(i)ce. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.07 The Saturday Film: "Jason and the Argonauts."

GRAMPIAN

9.25 am Cartoon. 9.30 Scooby Doo. 11.20 Chips. 5.05 pm Connections. 5.35 Feature Film. "Captain Sinbad," starring Guy Williams, Heidi Bruhl and Pedro Armendariz. 12.00 Reflections.

GRANADA

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm "Jason and the Argonauts," starring Tod Armstrong and Nancy Kovak. 10.15 "Casino Royale," starring Peter Sellers. 12.40 am Kate Bush in Concert.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †11.15 Fireball XL5. 11.45 Just Our Luck. 12.13 pm HTV News. 5.05 "Jason and the Argonauts," starring Todd Armstrong and Nancy Kovack. 12.00 pm Portrait of a Legend (Tony Orlando).

SCOTTISH

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Connections. †5.35 Feature Film: "The Navy Lark," starring Leslie Phillips, Cecil Parker and Ronald Shiner. 12.00 Late Call.

TSW

9.25 am Cartoon (Roger Ramjet). 9.30 Captain Scarlet and the Mysterons. 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 TSW Regional News. 5.07 The Saturday Film: "Jason and the Argonauts," starring Todd Armstrong and Nancy Kovack. 12.00 The Moviemakers. 12.55 am Postscript.

TVS

9.25 am Porky Pig. 9.35 Scooby Doo. 11.20 The Green Hornet. 11.45 Sealab 2020. 12.12 pm TVS Weather. 5.10 Connections. 5.40 Diff'rent Strokes. 6.10 Knight Rider. 12.00 Freeze Frame. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Scooby Doo. 9.55 Young Lookaround. 11.20 Chips. 5.05 pm "Jason and the Argonauts." 12.00 Poet's Corner.

ULSTER

9.25 am Cartoon. 9.30 Scooby Doo. †11.20 Fireball X L. 11.45 The Smurfs. 12.43 Lunchtime News. 5.03 Ulster News. 5.05 Feature Film: "Jason and The Argonauts," starring Todd Armstrong and Nancy Kovack. 9.42 Ulster News. 12.00 Sports Results. 12.05 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast, followed by Cartoon Time. 9.35 Scooby Doo. 11.20 Captain Scarlet and the Mysterons. 11.50 Joanie Loves Chachi. 5.05 pm "Jason and The Argonauts," starring Todd Armstrong, Nancy Kovack and Honor Blackman. 12.00 That's Hollywood.

RADIO

BBC RADIO 2

(S)=Stereo on VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Castle's Corner. 1.00 The Good Human Guide. 1.30 Sport on 2 including Cricket (England v Australia), Tennis (Stella Artois Championship, the Edgbaston Cup and the Davis Cup), Racing from York, plus Motor Racing from Le Mans; the U.S. Open Golf; news of the 3rd round of the Jersey Open and reports of the final practice for tomorrow's Motor Cycling GP; 5.30 Cricket Scoreboard; 5.45 Racing Results. 6.00 Folk On 2 with Jim Lloyd 7.00 Three in a Row. 7.30 Cricket Scoreboard: BBC International Festival of Light Music (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Sports Desk: Night Owls (S) 1.00 Hilary Osborn (S). 3.00-4.00 Wally Whyton (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 BBC Symphony Orchestra in Madrid (S). (12.0 Interval Reading). 1.00 News. 1.05 Anthony Goldstone, piano recital (S). 2.00 The Art of Fugue (S). 4.00 Scottish National Orchestra (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.10 The Living Poet. 7.30 Mahler: Symphony No 8, Edward Downes and the BBC Philharmonic with soloists and choirs in Leeds Town Hall (S). 9.05 Piano Trios (S). 9.40 Collegium Aureum (S). 10.30 The Song of Roland (S). 11.00 Mendelssohn (S). 11.57-12.00 News.

Medium Wave as above except 10.55 am-6.35 pm Cricket: First Test—England v Australia (third day).

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather: Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather: Travel. 9.00 News. 9.05 After Henry. 9.35 Cool Liners. 9.50 News Stand. 10.05 The Week In Westminster. 10.30 Antique Auction. 10.45 Trooping the Colour (S). 12.15 pm Through My Window. 12.27 I'm Sorry I Haven't a Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 The Afternoon Play (S). 3.05 Radio Active (S). 3.30 Explorers Extraordinary (S). 4.15 Enterprise. 4.45 Bolshoi Tyshinsky No 26. 5.00 Wildlife. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather: Travel. 6.00 News: Sports Round-up. 6.25 Russell Harty's Musical Encounters (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 10.00 News 10.15 Evening Service (S). 10.30 He Wasn't Even a Rooster. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† Indicates programme in black and white

8.55 am Play School. 9.15 Superbook. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Birth Right. 10.55 Never Too Late. 11.20 Inside YTS. 11.45 Business Club. 12.10 pm Birdwatch. 12.20 Honourable Members. 12.45 Farming with Philip Wrixon and Dan Cherrington. 1.08 Weather News for Farmers. 1.10 News Headlines. 1.15 Return to Evercreech Junction. 1.45 Birdwatch. 2.00 EastEnders. 3.00 Bonanza. 3.50 Birdwatch. †4.20 Comedy Matinee: "The Early Bird," starring Norman Wisdom.

5.55 Goodby Mr Chips. 6.25 Esther Rantzen appeals on behalf of Sense, the charity devoted to working with children and young adults who are both deaf and blind. 6.30 News. 6.40 Praise Be! 7.15 For the Term of His Natural Life. (three-part Australian drama series). 8.50 News. 9.05 Bird-Watch. 9.20 That's Life. 10.05 Heart of the Matter. 10.40 The Royal International Horse Show.

BBC 2

1.55 pm Sunday Grandstand, including Tennis (Stella Artois Championship). Show Jumping (Royal International Horse Show) and Cricket (John Player Special League). 6.35 News Review with subtitles. 7.00 Début. 7.30 Eurovision Young Dancer of the Year. 9.30 Coverage of the Canadian Grand Prix. 10.05 "The Goodbye Girl," starring Marsha Mason. 11.50-12.35 am Tennis.

LONDON

6.55 TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Bugs Bunny. 9.45 Speedy and Daffy. 10.00 Morning Worship. 11.00 Getting On 11.30 Working for a Better Life. 12.00 Take 30. 12.30 pm Jobwatch. 1.00 Police 5. 1.15 The Smurfs. 1.30 Groovie Goolies. 2.00 A Full Life. 2.30 London News Headlines, followed by Great Western Railway. 3.30 David Frost presents the Guinness Book of Records No. 5. 4.30 Pretenders. 5.00 Now You See It. 5.30 Simon and Simon. 6.30 News. 6.40 Highway. 7.15 Winner Takes Al 7 .1.4 Y
7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.45 News. 9.00 Connie. 10.00 Mog. 10.30 The South Bank Show. 11.30 London News Headlines, followed by "Reincarnation." 1.15 am Night Thoughts.

CHANNEL 4

1.00 pm Their Lordships' House. 1.30 Face the Press. 2.00 A Question of Economics. †2.25 "Quiet, Please, Murder." starring George Sanders. †3.45 "Sexton Blake and the Hooded Terror," starring George Curzon and Tod Slaughter. 5.00 Back to the Roots. 5.30 News Summary followed by The Business Programme. 6.15 The Mississippi. 7.15 Heritage Civilisation and the Jews. 8.15 The Irish RM. 9.15 People to People present Last Supper in Hortsley Street. 10.10 Golf—the U.S. Open Championship.

S4C WALES

1.25 pm Union World. 1.55 The Great Plant Collections. †2.25 Feature Film: "The Great Ziegfeld." 5.30 The Business Programme. 6.15 Heritage: Civilisation and the Jews. 7.15 An Cenker Seth. 7.25 Newyddion. 7.30 Hufen A Moch Bach. 8.00 Pwy Sy'n Perthyn? 8.30 Er Gwaetha'r Gelyn. 9.15 Byd Cerdd. 10.10 U.S. Open Golf Championship. 12.30 am Their Lordships' House.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.30 am Survival. 1.00 pm Mr Smith. 1.25 Weather Trends. 1.30 Farming Diary. 3.30 Simon and Simon. 5.30 Bygones. 6.00 Happy Days. 11.30 Scarecrow and Mrs King. 12.30 am Anthology.

Esther Rantzen
BBC 1, 6.25 pm

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Perspectives. 1.30 Farming Outlook. 5.30 Magnum.

CHANNEL

12.25 pm Today's Weather. 12.26 Starting Point. 12.30 Link. 1.00 Gardens for All. 1.30 Under Fives. 3.30 Royal Four in Hand. 5.30 Puffin's Pla(i)ce. 5.33 The Fall Guy. 11.30 One For Your Video.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Sesame Street. 1.00 pm Farming Outlook. 1.30 Survival. 5.30 Scarecrow and Mrs King. 11.30 Spirits of Rock and Roll (David Bowie, The Rolling Stones, The Kinks, The Doors and 10CC). 12.30 am Reflections.

GRANADA

9.25 am Miniature Chess Masterpieces. 9.30 The Human Face of Japan. 11.25 AAP KAA HAK. 11.30 Down to Earth. 1.00 pm Battlestar Galactica. 2.30 Sunday Matinee: "Doctor at Sea," starring Dirk Bogarde. 4.15 Cartoon. 5.00 The Love Boat. 6.00 The Zodiac Game. 11.30 The Late Film: "Cloak Without Dagger."

HTV

9.25 am Bookwright. 1.00 pm The Protectors. 1.30 West Country Farming followed by Weather for Farmers. 2.30 Once In A Lifetime. 3.30 Great Western Railway. 5.00 Definition. 5.30 Falcon Crest. 6.36 HTV West. 11.30 Looks Familiar.

SCOTTISH

9.25 am Cartoon Time. 9.30 Working For A Better Life. 10.00 Sesame Street. 11.30 To Render Up My Sword. 1.00 pm Happy Days. 1.30 Farming Outlook. 2.00 Cloud of Witnesses. 2.30 The Glen Michael Cavalcade. 3.15 World Famous Fairytales. 3.30 Return of the Saint. 5.30 Great Western Railway. 11.30 Late Call. 11.35 The New Avengers.

TSW

9.25 am Getting On followed by Getting On . . . Plus. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Farming News. 3.30 Royal Four in Hand. 5.30 Gus Honeybun's Magic Birthdays. 5.33 The Fall Guy. 12.00 Postscript.

TVS

9.25 am Action Line. 9.35 Fangface. 1.00 pm Agenda. 1.30 Farm Focus. 2.30 The Sunday Matinee: "Beau Brummel" starring Stewart Granger. 5.30 Great Western Railway. 6.25 TVS News. 11.30 The Mysteries of Edgar Wallace. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Getting On. 11.00 Working For a Better Life. 11.26 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 The Smurfs. †2.30 "Madeleine" starring Ann Todd. 5.30 Magnum. 11.30 Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 The Making of a Crew. 1.30 Bygones. 1.58 Farming Weather. 3.30 Worldvision Special—"Five Weeks in a Balloon." 5.30 The Love Boat. 6.38 Ulster News. 8.57 Ulster News. 11.30 Jazz Special 11.55 Sports Results. 12.00 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Getting On. 11.30 Farming Diary and Farming Weather. 1.00 pm The Champions. 3.30 Scarecrow and Mrs King. 5.00 The Zodiac Game. 5.30 Chips. 11.30 Short Story Theatre. 12.00 Five Minutes.

RADIO

BBC RADIO 2

(S)=Stereo on VHF

7.30 am Roger Royle says Good Morning Sunday with American singing star Pat Boone. 9.00 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-time Greats (S). 1.00 pm Ken Bruce presents Two's Best (S). 2.00 Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Jacques Loussier at the piano. 11.00 Sounds of Jazz. 1.00 am Hilary Osborn presents Nightride (S). 3.00-4.00 Ken Bruce Two's Best (S).

BBC RADIO 3

7.00 am News. 7.05 Eugene Ormandy (S). 8.00 Bach Cantatas 1724 (S). 8.20 French Music for Wind Instruments (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 St Louis Symphony Orchestra part 1 (S). 12.05 pm Words. 12.10 St Louis SO part 2 (S). 12.50 Rubbra and Brahms chamber music (S). 1.50 BBC Philharmonic Orchestra (S). 3.15 Felicity Palmer song recital (S). 3.55 Interval Reading. 4.45 Violin and Viola Oscar and Eric Shumsky play duos by Mozart and Alessandro Rolla (S). 5.30 New Premises. 6.15 British Music for Strings (S). 7.2? Liszt Premiere Jeffrey Siegel plays piano music by Liszt including recently discovered concert paraphrase (S). 8.00 Winter (S). 8.?? "Arlecchino," Busoni's one-act theatrical capriccio (S). 9.30 Europe and the Lawyers. 9.50 Stravinsky, Janacek and George Nicholson chamber music (S). 10.45 Refrain. 11.00 [illegible] Bathis and Geoffrey Parsons song recital (S). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Frank Middlemass talks for the week's Good Cause about Headway—the National Head Injuries Association. 8.55 Weather, Travel. 9.00 News. 9.10 Sunday papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Great and Good Mr Handel (S). 12.00 Home-ing (S). 12.30 pm The Food Programme. 12.55 Weather. 1.00 The World this Weekend. 1.55 Shipping forecast. 2.00 News, Gardener's Question Time. 2.30 The Afternoon Play (S). 4.00 News, Passing Bells. 4.30 Talk of the Town, Talk of the Country. 5.00 News, Travel. 5.05 Down Your Way visits Aldeburgh in Suffolk. 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Bookshelf. 7.00 Travel. XPD (S). 7.30 Pilgrimage (S). 8.05 Law in Action. 8.30 In Search of a Mega Tick. 9.00 News. Kidnapped and Catriona (S). 9.58 Weather. 10.00 News. 10.15 The Farmer's Boy (S). 11.00 How Blessed (S). 11.15 Inside Parliament. 12.00-12.15 am News.

Solution to Chess No. 572

1 QJ-KN3; If K-K3; 2 N-K3, or if K-B2; 2 N-Q6, or if P-K5; 2 QJ-N7, or if P-K4; 3 Q-N6.